The China Weekly REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

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The Far-Eastern Crisis—Some Comments on Henry L. Stimson's Book . . . . . By Chen Pin Ho

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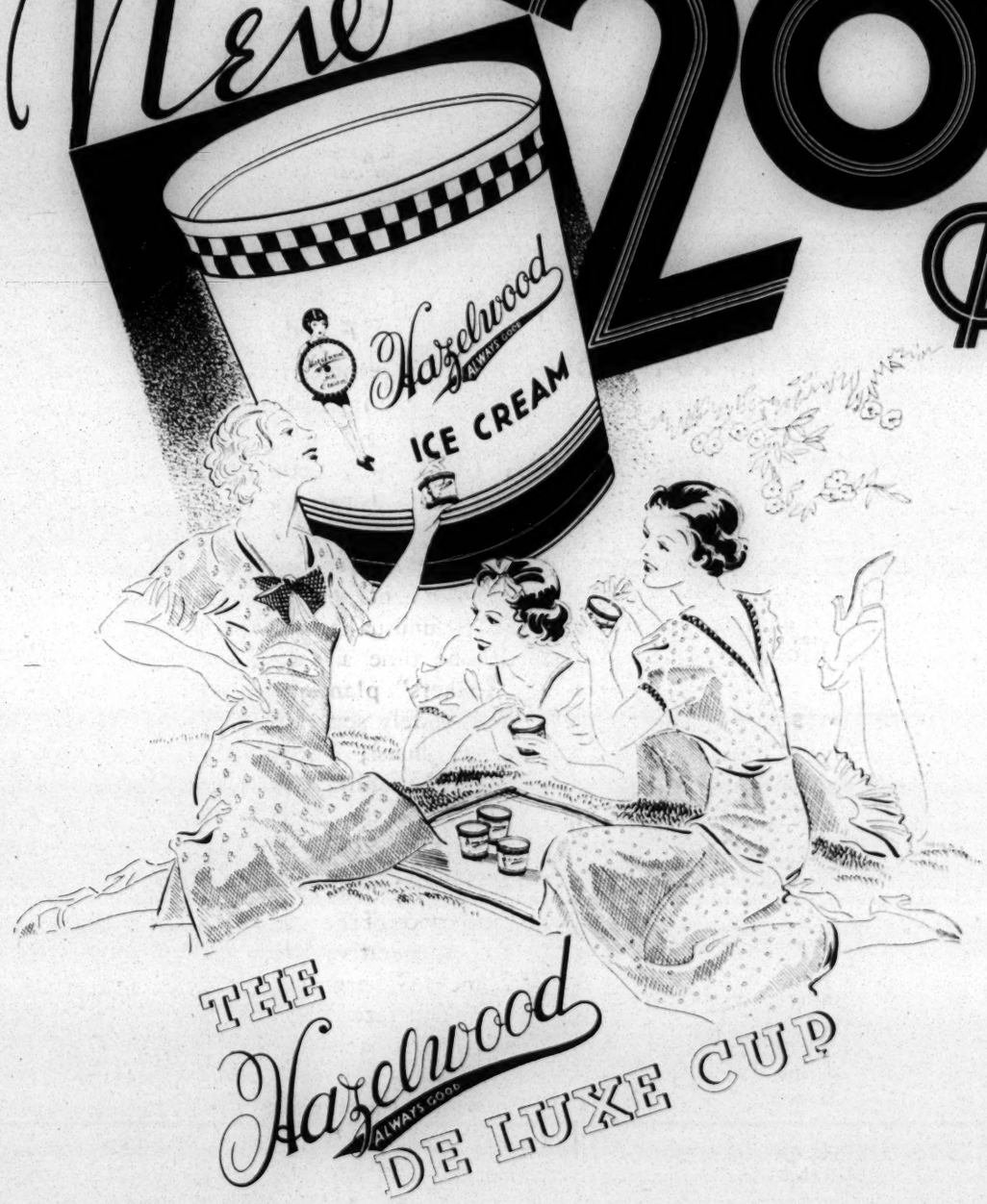

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CHENGCHOW BECOMES THE CENTER OF INLAND AVIATION

THE heretofore comparatively unimportant city of Chengchow, located at the junction of the Lunghai and Peiping-Hankow railways and about midway between Kaifeng and Loyang in northern Honan has become the junction point of far-reaching aviation lines of Eurasia Aviation Corporation, cooperative enterprise of Chinese Government and German aviation interests. It is not unusual to observe on the Chengchow field at one time a half-dozen powerful tri-motored "Junkers" planes bound for or returning from such widely separated places as Lanchow, Kansu; Sian, Shensi; Chengtu, Szechuen; Paotow, Suiyuan; Kunming (Yunnanfu), Yunnan and other inland points which would require weeks of tedious travel by other means of conveyance.

While the traveling public is familiar with the service of the China National Aviation Corporation, cooperative effort of Pan-American and the Chinese Government, which serves the coast ports and Yangtsze Valley, radiating from Shanghai and linking up with the Trans-Pacific Clippers at Hongkong, not so much is known of the vitally important lines which are bringing Central Asia within a day's journey of the coast ports. It is now possible to fly from Shanghai, leaving at 6:30 in the morning, to Peiping in eight hours, including brief stops at Chengchow, Honan and Taiyuanfu, capital of Shansi. The distance is more than 1,000 miles which is covered by the giant tri-motored Junkers planes without re-fueling. Recently one of these planes transported a dozen Nanking officials to Sining, capital of Chinghai province, which is located on the border of Tibet, and made the trip in one day, including brief stops at Chengchow, Sian, Lanchow enroute.

The tri-motored planes now in service on these routes have a cruising range of between

1200 and 1400 miles without re-fueling, carrying a dozen passengers, baggage, mail and considerable freight. As many of these interior towns are not reached by railways or even motor roads, the planes are often used for transporting strange cargoes. For example much of the machinery of the Chinese Government radio station at Lanchow, Kansu, was transported by Eurasia planes.

The location of Chengchow in northern Honan makes that city ideal as a junction point for inland aviation as fuel supplies may be transported there by rail from Shanghai or Tientsin or by river and rail via Hankow. Ordinarily planes from Shanghai, leaving on Tuesdays and Fridays, proceed through Chengchow to Sian and Lanchow; hence passengers bound for Peiping change to the Hankow-Peiping plane, which is usually waiting on the field when the Shanghai plane arrives. Sian, capital of Shensi, is also an important junction point for the planes which fly to Hanchung, Chengtu and Yunnanfu. But the most interesting flight, from the standpoint of territory covered, is around the "square" represented by Chengchow, Peiping, Paotow (or Suiyuan) and Lanchow which can be made in less than a week, including stops at Sian, Ningshia and Taiyuan. One of the officials of the Pan-American system who recently visited in China described the coast line from Shanghai to Canton as one of the most interesting in the world from the standpoint of diversified land-water-mountain scenery. But no airline in the world could excel that of Eurasia from Shanghai to Peiping, by way of Taiyuanfu, capital of Shansi, or around by way of Sian and Lanchow to Paotow, from the standpoints of scenery and visible evidence of life and works of Asiatic mankind. Leaving the canal-criss-crossed, densely peopled rice lands of the lower Yangtsze, the scenery shifts to the gently rolling planes of northern central China where wheat and corn predominate; from Chengchow, on the Yellow River, the flat lands quickly give way to mountains, many of them fantastically terraced with intricate irrigation systems some beginning seemingly at the very summits and dropping down by giant steps over terraced fields to the valleys below. In the vicinity of Paotow the Ordos desert, were it not for the occasional sandstorms swirling below, almost resembles the corner of the Yellow Sea crossed by the C. N. A. C. planes from Tsingtao to Tientsin. Few of the innumerable scientific aids to aviation in Occidental lands are available here; hence the necessity of powerful planes capable of negotiating great distances and the greater necessity of skilled and courageous aviators capable of operating over lands where beam-directing systems are unknown and fuel supplies are rarer than emergency landing fields.

PEIPING DISCOUNTS NANKING NOTES —BARS NATIONAL COINS

THE former capital of China, Peiping and surrounding territory, is the only section of the country, aside from isolated interior areas, where the currency of the National Government at Nanking does not freely circulate. Whether due to Japanese influence or some other reason, most Peiping exchange shops and merchants discount the notes of the large Government banks, including the Central Bank, at Shanghai and Nanking. This is particularly true in the bazaars and public markets frequented by foreign tourists who, in the course of a day's shopping, accumulate large quantities of frayed pieces of paper which pass as money. The illustration on the opposite page is a reproduction of a half dozen types accumulated by one foreign traveler who sent them to *The Review*. Only one note on the page, the badly patched one in the upper right corner was issued by a central government bank. None of the metal fractional currency issued by the Central Government Mint at Shanghai is obtainable in Peiping and when offered to merchants or exchange shops usually is rejected. The only metal coins in evidence at Peiping are old-style coppers, but these are limited and merchants frequently hand customers postage stamps in lieu of one-cent or five-cent tokens. The rate of discount on notes of the Central Government bank ranges from one to five percent, the merchants in the public markets usually deducting five cents from a $5 note. Aside from the "dollar" notes issued by the Japanese Yokohama Specie Bank and those of the "East Hopei" Bank at Tungchow, one also occasionally receives Manchukuo notes in Peiping, but the exchange shops are cautious about handing them out, particularly if there is a policeman in the vicinity. The notes of Yin Ju-keng's Japanese-supported East Hopei Government are handled by the Peiping branch of the Bank of Chosen and are only beginning to circulate in Peiping and are regarded with considerable suspicion by merchants; however they are used on Peiping-Mukden trains and in the towns along the railway. Most of the fractional notes in use in Peiping and Tientsin are badly worn and soiled, often so badly worn as to make it difficult to determine the denomination of the note. Tourists frequently hold out a handfull and tell the rickshaman to pick out sufficient for his fare—which system is popular with the rickshamen.

PEIPING MONEY COMES IN GREAT VARIETY

The above are reproductions of notes circulated in Peiping, referred to in the editorial on the opposite page. They include: (1) Dollar note of Japanese Yokohama Specie Bank; (2) badly frayed 20-cent note of Central Government bank; (3) 20-cent note of Bank of Hopei (sometimes spelled "Hopeh"); (4) 20-cent note of Chahar Commercial Bank; (5) 1-Yuan note of Yin Ju-keng's Japanese supported "East Hopei" bank of Tungchow (note resemblance to Japanese 1-yen note); (6) reverse of East Hopei note; (7) in lower right corner, 10-cent note of Tah Ching Bank.

SHANGHAI FOREIGN SETTLEMENT IMPROVES TRAFFIC LIGHT SYSTEM

THE Municipal Council, which is the executive arm of the Shanghai Foreign Settlement, is to be congratulated on having improved its system of traffic regulation in a marked degree within the past several weeks. At a number of important street intersections, automatic traffic lights have been installed, based on a combination of three lights, red, yellow and green. Alone among large cities of the world, Shanghai had been using exclusively a two-light system with the change being made from red to green or *vice versa* without a moment's interval. Such an arrangement is unfair to the automobile drivers and the pedestrians both, and it is not surprising that the number of street accidents has been exceedingly great. The three light system is used in most of the large cities in the United States. It has the advantage of allowing an interval between the red and green lights for cars to make turns, and more important, it gives the pedestrians a fair chance of crossing the street without being run down. New York City formerly accomplished the same result by the use of two lights, but allowing an interval of some seconds when making a change from one light to the other. It has now changed this plan and has adopted the three-light system, the same as is used almost universally throughout the country. However, Shanghai would do well, pending an extension of the three-light system, to instruct its operators in charge of signal lights to hold the lever for several seconds between the two lights so as to give pedestrians a chance, not to speak of facilitating the car drivers themselves. Nanking Road in Shanghai, in common with many other streets here, deviates just sufficient from the rectilinear to make it impossible to see a traffic light several blocks ahead, but there ought to be some way of synchronizing the lights on this busy thoroughfare so as to provide a more even flow of traffic. It is not an uncommon experience for a driver to be held up for minutes at a time, one block after another, something that does not happen on any streets in the United States, (where the traffic is ever so much greater than here in Shanghai), owing to the lights being synchronized. Any one who observes the working of the three-light automatic signals opposite the Municipal bildings in Shanghai, will note that outside of the rush hours traffic is held up longer under the new system than under the old manual system, but if bustling cities like New York and Chicago can stand it, we suppose Shanghai will be able to manage somehow. In any event the time lost at such an intersection is more than made up by the time gained in arranging for a steady flow of traffic under the synchronized plan. There is one more traffice rule generally observed in the United States which it is probably too much to hope to have introduced here, but it reads, as signs in many of the cities testify: "Pedestrians have the first right of way."

HOW THE MORE RABID OF BRITISH RADICALS VIEWED THE CORONATION

THERE is an extremely radical journal published in London, *The Tribune*, which brings attention to two facts that are probably not known to the outside world as well as they ought to be, namely, that the British Government allows a wide latitude in criticisms of its own institutions, and likewise that there is at least a certain section of the British public that is opposed to the huge expense and the make-believe of a coronation celebration such as took place in London last week. Said journal, in accordance with the British law, prints the name and address of the publishers and also the name and address of the printers. A paragraph of a similarly critical, if not slanderous, character, concerning the country's own institutions as that printed below (from the issue of April 9 of said journal) would bring down the strong arm of the law against all that had anything to do with its publication in any other country in Europe:

> Capitalist plutocracy runs royal circuses from the same motive that inspires a cardsharper to produce his irresistible fifth ace.
>
> Unfortunately for all concerned, they can't, constitutionally, stage a coronation at will, nor dare they force an abdication every time they feel that a major political or economic crisis is about to blow up.
>
> That is a pity in more senses than one; for they would surely strip the throne of the last rag of popular respect, and expose the real nature of their patriotic zeal.
>
> I have no objections to coronations as such; but it is as well to remember that there are no coronations as such. If there were, nobody would give a hoot, for they would lack all purpose and meaning.
>
> Precisely because coronations have purpose and meaning they are important. But they are not important for everybody, except in the sense that nearly everybody is duped.

JAPANESE AVIATORS SACRIFICED BECAUSE OF LACK OF GASOLINE

IN view of the wonderful trip which the airplane *Kamikaze* ("Divine Wind") made from Japan to England several weeks ago there can be no doubting the ability of Japanese aviators. However, the Tokyo *Nichi Nichi* of May 11 printed figures in proof of an assertion that aerial accidents had become exceedingly frequent in the Island Empire of late, particularly in the army and navy forces. The victims of accidents in the army and navy during 1936 were estimited at over 100. The *Nichi Nichi* mentioned that these victims were monuments to the development of aviation in Japan, to whom the country owed condolences and gratitude. While admitting that

the increasing number of deaths was in a measure due to the increasing number of planes, this prominent Japanese newspaper pointed out that the deaths were in an increasing ratio, after making due allowance for the development of aviation in general. The number of victims had especially increased since the Manchurian incident. The *Asahi*, after an investigation, found that one of the contributing causes to the high death rate (not to speak of the increasing number of those injured, figures for which were not given) was the severe training forced on military planes. It seems that the aviators were sacrificed because of a lack of sufficient gasoline for the training planes. Aviators in training were in actual practice held down to an average of about 20 minutes practice per day, as they did not have sufficient gasoline to stay up longer. "Twenty minutes a day is a short time for training . . . All things considered the number of victims is too heavy in Japan," the *Nichi Nichi* commented.

Britain Advised Submission to Japan Two Decades Ago—What of London's Attitude Today?

(The following editorial, a remarkable impression of the Chinese viewpoint on Anglo-Japanese-Chinese relations, was published by the Peiping *Chen Pao* (Morning Post) on May 9, the anniversary of the presentation of the original Japanese Twenty-One Demands. As no adequate translation or summary of the *Chen Pao's* editorial has appeared in any Shanghai newspaper, *The Review* presents this complete translation by a correspondent in Peiping.)

TODAY, the people, especially the people residing in Peiping, should commemorate May 9th of the fourth year of the Republic. In the 'today' of 22 years ago, the city of Peking was overwhelmed with an atmosphere of tension and terror. Should China surrender to or fight with Japan. This had to be finally decided upon before 6 o'clock in the afternoon on that date. Of course, as is known to all now, China finally surrendered.

We believe that the Chinese people have not forgotten that episode of the story of national humiliation. There is no need to refer to the past in detail. To summarize briefly, on January 18th of the fourth year of the Republic the Japanese ambassador had an interview with the Chinese President Yuan Shih-k'ai, and during their conversation the Japanese ambassador handed to President Yuan one copy of a document. On this document, there was a water-stamped machine-gun of the "Fear-Not" cruiser together with the twenty one demands. With regard to this document, the Japanese ambassador bid President Yuan to keep strict secrecy and demanded that it be promptly replied to with satisfaction. This was the famous 21 Demands parley in the history of Sino-Japanese foreign affairs.

From the 18th of January to the 6th of May, there were more than twenty conferences between China and Japan. Toward these 21 demands (though China did not completely accept) many great concessions had been made. The Japanese considered these concessions unsatisfactory. Then there came the ultimatum at 3 o'clock in the afternoon on the 7th of May. The Japanese considered this ultimatum to be a friendly advice for China from "His Majesty's Imperial Government". At the end of this ultimatum, it reads: "Satisfactory reply for this advice is expected from the Chinese Government before 6 o'clock in the afternoon of the 9th of May. If a satisfactory reply is not received at the stipulated time, the Imperial Government will adopt such measures as it considers necessary."

Toward eleven o'clock at night on the 9th of May, the Chinese minister and vice-minister of Foreign Affairs, bringing one secretary with them, went to the Japanese Embassy and handed in the reply in person. In this document the Chinese Government recognized completely the Japanese ultimatum. The atmosphere of tension and fear within the Peking city wall only then calmed down. This was the story within the Peking city on the 9th of May 22 years ago. This was the history of the "May 9th" national humiliation.

We believe, when reflecting on this story, all Chinese people have an aching reminiscence. All love the 'good', and who will be second to me? Therefore, to call for 'feeling" and to wake the people to forget the national humiliation today—these are all unnecessary. But, today, we want to briefly recall two things of May 9th in that year, so as to supply reference material for the people to commemorate the national humiliation.

At half past twelve in the afternoon on the 9th of May of the fourth year of the Republic, the British ambassador, Sir John Jordan, called on Minister of Foreign Affairs Lu, at the Foreign Office. He gave the following advice:

"The present condition of China is dangerous in the extreme. Other countries do not have time to look after affairs in the Orient. If China fights Japan, she is sure to suffer a catastrophe from which she may never recover. Other countries deeply sympathize with China, but they do not have power enough to help. To meet the impending situation, there remains only one way, that is, to forbear humiliation and accept the Japanese demands, so as to avoid a greater

danger. If the military and political position of China are strengthened from now on, and actual preparations are made, China may wait patiently for another ten years, when probably she will be able to raise up her head and meet Japan face to face. . . . I am afraid that some people who do not see the general conditions will haughtily flaunt their pride disregarding the danger and may emptily argue in a manner unfavorable for China. . . . Your Excellency the minister should energetically refute public criticisms, shoulder the responsibility, and help the President accept the Japanese demands, so as to survive this dangerous period."

Toward half past two in the afternoon President Yuan called a meeting attended by many veterans and important personalities, besides all ministers of the Cabinet. The problem discussed in this meeting naturally was how to deal with the Japanese ultimatum. All those who attended were silent, without one word. Finally President Yuan said:

"Now the Japanese, seeing that the European war is in full swing and that our country is in a period of accumulated weakness, are presenting cruel terms to us. The ministry of foreign affairs has been negotiating with the Japanese ambassador. . . . From beginning to end we have humiliated ourselves to beg for our entity, hoping that a peaceful solution may be obtained. But the Japanese have been unwilling to hear us and have now presented us with an ultimatum. . . . Our national power is not strong enough and can not meet war at the present moment. It has been said: "That country which does not have an enemy nation or foreign trouble is sure to perish." Experiencing this catastrophe, we should all consider the acceptance of Japanese demands at this time to be the most extraordinary humiliation and greatest offense. We should adopt the spirit of "lying on the fire-wood and tasting bile" and be aroused to engage in great undertakng . . . Then there will probably be some hope, as pointed out by the British ambassador, of waiting patiently for another ten years to meet Japan. If, however, when this thing has passed and circumstances were changed, we still procrastinate and forget this shame, then not only will there be no date for the revenge of this surrender and extraordinary disgrace made this day, but probably this crisis of China will be more intensified after the lapse of ten years. . . ."

It has been said that when Yuan Shih-k'ai made the speech, he was shaking with rage. Tears were in his voice. All present at the meeting were greatly moved and indignation was expressed on their faces. Even today, after twenty-two years, when one reads this speech made by Yuan Shih-k'ai on the subject of "lying on the fire-wood and tasting the bile and being aroused to engage in great undertakings" one cannot help "being greatly moved and expressing indignation in the face". But historical facts tell us that when the fifth year of the Republic came, the same president of "lying on fire-wood and tasting bile" was contemplating to wear the "Yellow Robe". (This is, to mount the throne.—Ed.) The man who had been expected "to raise his head and to meet Japan after another ten years" turned to bend his head and meet Japan after a lapse of less than one year. He went to ask help in his shameful business of betraying the country. We consider the presentation of the ultimatum by the Japanese not to be a national humiliation, the recognition on the 9th of May of the ultimatum not to be the greatest national humiliation; but that the grand and beautiful speech on "lying on fire-wood and tasting bile" of the Chinese President had come to such an end is a real national humiliation! This is really what is worthy of our commemoration today! But 'today' after the lapse of twenty two years, when the condition of oppression by the neighboring country here in China is far more serious than that of twenty-two years ago, there are still some people who are crying aloud the old tune of "lying on fire-wood and tasting bile" and are still believing the old tune of "lying on fire-wood and tasting bile"—This is a real national humiliation!

Twenty-two years ago the British ambassador advised China "to forbear the humiliation to avoid the danger". He advised us "wait patiently for another ten years to raise up your head and meet Japan face to face". Today, there have already been two "another ten years" and we still cannot raise our heads and look our friend in the face. Not only are we unable to raise up our heads, but we are bending low more and more. This is real national humiliation!

The Chinese people expressed deep thanks on the said year for the friendly advice of Great Britain. But, at the Paris Peace Conference China discovered that the concession of privileges in Shantung had been secretly agreed to between Japan and Great Britain long before. Therefore the Chinese people doubted the real aim of the friendly advice of Great Britain in the said year. This was a thing of the past. Since the occurrence of September 18th Incident, those who advise us "to forbear the humiliation and wait patiently" are still our European friends of twenty-two years ago. Today the tune of Anglo-Japanese Cooperation towards China is singing high up into the cloud, and negotiations on the Anglo-Japanese Cooperation are being secretly carried on in London. The turning and counter-turning in international affairs is more customary than in the case of individual friendship. Looking at the present and reflecting on the past, infinite terror and infinite pathetic feeling can not but be aroused in everyone's mind on the 9th of May of today!

For Those Who Would Like to Know the Chinese People—Commercially or Otherwise!*

BY NATHANIEL PEFFER

LET me say first of all in common with other reviewers that Carl Crow has written a delightfully amusing book. If there were no other reason for reading it that would be enough. Now, it is not difficult to write an amusing book about China, a book, that is, that will amuse those who know nothing about China. All you have to do is ring the familiar changes on the patronizing note of comment on differences in customs and habits. Any traveling hack writer for the magazines can do it and hordes of them have.

This brings me to the second point, which is that the tone of Crow's book is refreshing by contrast with other books of the genre. It is tolerant, understanding and wise. His book is a sort of Arthur Smith's "Chinese Characteristics" of the business world. But unlike Smith, Crow is aware that foibles are human traits, not Chinese traits. Smith had humor deflected by the unfortunate bent of the nineteenth-century missionary mind. Crow has the humor of a man of the world who has read enough books and seen enough of all sides of life to ventilate prejudices. If the ways of Chinese are funny, so are those of British and Americans. That which strikes the foreigner as bizarre in Chinese business practices is a product of the kind of society the Chinese grew up in, just as the over-expansive verbal indulgence of the American businessman, the big talk, the infantile attitude of "let's build the biggest, biggest, biggest building in the world" is a product of his environment. Crow's humor, then, is mellow, a sort of wisdom's comment on the comedy of things—things Western as well as Chinese. In short, you will think this book amusing even if you know a great deal about China.

And the third point: Crow's book is the culling of a rich stock of knowledge and information. He writes out of a long accumulated experience, out of first-hand knowledge. And if I were a budding American magnate out to conquer the world I should pore over his pages attentively. It would save me many expensive blunders, blunders of the sort that sent so many aspirant American colossi home sadder and wiser in the happy boom days following the World War. If Crow can't always tell the foreign candidate for mercantile fortune in China what to do, he can tell him a good deal about what not to do, which is more important in China. Incidentally, one who has lived long in China and made a profession of writing about it envies Crow the freshness of his perceptions. Habitude has not dulled his observations, not even after twenty-five years.

Essentially it is a book of reminiscences, a digest of experiences as a foreign advertising representative in China. Having had to try to tempt Chinese into buying everything from chewing gum to astronomical instruments, he has had to touch Chinese life in its whole commercial, psychological and social range. So he has picked up quaint bits, bizarre habits, unfathomable preferences and tabus (unfathomable until you know the reasons) charming episodes. He has also learned the reason for them.

Why do commodities packed in bigger and heavier containers sell faster than others. Because shop clerks are entitled to the proceeds from selling the containers. Why is the giving of free samples to introduce a commodity fatal to the future of that commodity? Because a flourishing trade develops in samples and the demand for the article dies or is quietly put to death when the free samples cease. By all means read the incident of the conservative old import and export firm tempted by a hopeful and enterprising American exporter to advertise free samples for one day. Read what happened to the biggest special edition any newspaper ever got out in Shanghai. Read about the advertising billboards that spoiled the feng shui in a certain village and what happened: a nice cross-section of Chinese life. Read about the exorcism of evil spirits from offices on the Bund. Read about many things that go on under your nose in your office or home, of which you are blissfully innocent. Dip into almost any chapter and you will come upon charming bits. And by all means if you have any friends among business men in America send him the few paragraphs on loquacity in business letters. In fact, tell your friends among American advertising men that this book is compulsory reading if they want to do business abroad.

Not often does one who has lived in China and read most of the stuff written about China recommend a book on China. Well, this is one time.

*400 Million Customers, By Carl Crow. London: Hamish Hamilton

Japanese Press for Opening of Through Freight Transportation

Reports current in Tientsin alleging that arrangements for through freight transportation between China and Japan have been decided upon, were emphatically denied by Chou Ching-man, Assistant Managing-Director of the Peiping-Liaoning Railway, in an interview May 18. Mr. Chou admitted that the Japanese are pressing for the operation of through freight transportation between the two countries. However, in view of the important issues involved, the Japanese have been requested to negotiate directly with the Ministry of Railways in Nanking.

Great Britain and Dominions Hold Family Reunion to Consider Mutual Defence

JUST as families make it a point to meet in Chicago during the World's Fair, or in Paris during the World Exposition, so the British Empire has planned a family reunion in London immediately following the Coronation.

The conference was originally set for last year, but following the death of King George V the leaders of Great Britain decided that it would be foolish to call the heads of their respective families to London twice within a year, and so they planned the Imperial Conference to meet following the Coronation of the new Sovereign, who turned out to be Geroge VI.

This year Britain's neighbors will hold the center of the stage, and the various representatives who meet in London will all talk about those people next door who keep their radio turned on until after twelve o'clock, and the neighbors' kids who threw stones at Willy day before yesterday —in other words foreign affairs and defense will be the main topics for the conference.

That the deliberations going on in London will affect the Far East has been shown by the opening speech of J. A. Lyons, Prime Minister of Australia, who declared that his country was vitally interested in the Pacific area and would welcome a regional understanding and non-aggression pact among the countries bordering the Pacific.

Furthermore, according to *Havas* reports from London, the creation of a Far Eastern Fleet by Great Britain is to be considered at the conference. This fleet would be as powerful as the Mediterranean Fleet, comprising approximately 100 units—fifteen capital ships, two squadrons of cruisers and three flotillas of destrovers. The cost of organizing the fleet would be £70,000,000 and for its upkeep £12,000,000 would be spent annually. With a base at Singapore, the fleet would be intended to guard the Imperial routes from the Pacific Ocean to Africa.

So, with bated breath, the Far East watches the Dominions and the Mother Country discuss the plans for mutual defense. Great Britain argues that the Dominions should take a more active attitude toward the defense of the Empire, and, particularly since aerial warfare has become important, a more active stand in their own defense. On the other hand, the Dominions assert that Great Britain should change her enocomic policy, or, as W. L. Mackenzie-King, Prime Minister of Canada, expressed it, "enduring peace cannot be achieved without economic appeasement.

In respect to communications, it is known that a special committee has been created in Britain to study the Pacific area and the effects of Japanese and American competition on British mercantile interests. The relation of merchant lines to defense need not be emphasized. Commercial air lines and their relation to the building of military airdromes will also be discussed in the conference. It is believed that the statesmen will consider the possibility of developing to a great extent the commercial air network of the British Empire.

Trans-Ocean reports that the Imperial Airways will open a line to South Africa in June and that the London-Egypt line will be extended via Karachi and Singapore to Australia. Air services between New Zealand and Canada are being considered as well as other lines to India and South America.

This agency also reported that the Imperial Conference will discuss the projected air route across the Arctic and linking Canada, the United States and the U.S.S.R., since Canada in particular is interested in the project.

Although the subject of communications is listed as a separate question for discussion, its relation to the problem of defense is obvious, and it is defense that will occupy most of the time of the conference.

The first reactions of other countries to the suggestion of the Australian Prime Minister for a non-aggression pact in the Pacific, within the framework of the League of Nation, were rather cool. Chinese opinion is generally opposed to the idea. The United States at first showed a certain coolness, remembering that the Nine-Power Pact and the Kellogg Peace Pact really ought to safeguard everything that needs guaranteeing, although it was pointed out that these pacts had the value of a celluloid fireman's hat. Later, *Reuter* reported considerable interest in America over the suggestion, particularly since neither the United States, Great Britain nor Japan have made any declarations as to their policies in the Pacific since the termination of the Washington treaty.

In the realm of foreign affairs, the conference will have its hands full with the discussion of the policy to be pursued by the Empire, particularly in the face of the tendency among dictatorial powers to use the "fait accompli" as a weapon in their foreign policies. Nevertheless, observers believe that the Imperial Conference will try to find an answer to this diplomacy of force.

The diplomatic conversations which occurred in London during the week of coronation among British leaders and the various statesman who were delegates to the ceremonies may have a considerable bearing on the decision of the Imperial

conference in regard to foreign policy. Although these discussions were conducted unofficially, and little definite information is known concerning them, the most important conclusions reached are summarized as follows:

1.—The Reich War Minister, Marshal Werner von Blomberg, expressed a desire to help ease the situation created by the Spanish Civil War and to pursue negotiations for a Western Pact.

2.—Britain continues to hope for Germany's return to the League of Nations and to make this the chief objective of British diplomatic effort. She would even possibly contemplate transferring former colonies back to the Reich if Germany will return to the collective system and give sufficient assurance of her intention to remain there.

3.—Premier Milan Hodza of Czechoslovakia was assured, in answer to his anxiety over the recent strengthening of the Rome-Berlin axis, that the maintenance of Czechoslovakian independence is considered essential to the safeguarding of peace in Europe

4.—The spokesman of Yugoslavia declared that Belgrade was standing by the conditions of her military alliance with France and denied all allegations to the contrary. He added, however, that his country would oppose general mutual assistance pacts with her neighbors.

5.—Britain and France will continue their efforts toward the economic reorganization of the Danubian Basin.

6.—Further efforts will be made to terminate the Spanish conflict, beginning with the withdrawal of foreign volunteers, which will be dealt with by the Sub-Committee on Non-Intervention next week.

7.—Portuguese relations with Italy and the Reich have become reserved, owing to the alleged Italo-German plan to include Portugal in an Iberian Empire in case the Nationalists win in Spain.

8.—The efforts of the League of Nations Secretary-General, Mr. Joseph Avenol, to solve the problem of whether or not the former Ethiopian Government is to be represented at the forthcoming League session have so far met with failure. But the particularly brilliant reception which was held at the German Embassy in honor of the Coronation and the tone of the Italian Foreign Minister's recent speech in Rome seem to presage a more conciliatory attitude on the part of Italy and Germany.

And so the British family reunion is under way in London. It is believed that the discussions will last from three to six weeks before the usual pallid *communique* is issued announcing a harmony of views. However, despite the aspect of official communiques, red-blooded decisions are beink taken and, as is usually the case in family affairs, these decisions will be of particular interest to the neighbors—especially Britain's Far Eastern neighbors.

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LIBERTY AND DEFENCE—THE OUTSTANDING IMPERIAL CONFERENCE PROBLEMS

The three main principles which emerged from the opening plenary session of the Imperial Conference were emphasized by the London newspapers May 15 in commenting on the speeches of delegates.

These, it was generally agreed, were:
Importance of preserving the ideal of liberty.
Desirability of a united foreign policy.
Willingness to make sacrifices for defence.

"From the antipodes, from Africa, from across the Atlantic," declared the *Manchester Guardian*, "the burden of the speeches was the same—determination to co-operate, in the best way suited to each people, in the preservation of that freedom which is the inheritance of all."

The *Daily Telegraph* which, in passing, noted the retirement into the background of constitutional issues, thought the first day's proceedings left no doubt of one thing—"the Empire will make whatever sacrifices are deemed necessary to ensure security."

Full enquiry was ordered by the British Admiralty May 14 to determine the cause of the explosion which occurred on the starboard waterline of the British destroyer *Hunter* the previous night while the vessel was on patrol for non-intervention purposes off the south coast of Spain. The warship, which was commissioned at the end of September last year, sank rapidly forward after the explosion, but assistance was quickly forthcoming, and the destroyer was safely towed to Almeria by a Spanish Government destroyed.

JAPANESE FINANCIAL CIRCLES WATCH OUTCOME OF BRITISH EMPIRE CONFERENCE WITH CONCERN

(*Editorial in the Tokyo Asahi, May 12*)

The diplomatic authorities of the Japanese Government and the financial circles of this country are watching with concern the outcome of the British Empire Conference. The conference, reports say, will discuss the policy of strengthening the Empire bloc on diplomacy, national defense, the Constitution, Commerce and navigation, etc.

The commercial relations between Japan and the British Empire were seriously affected by the Ottawa Agreement, it may he recalled, and the preferential policy adopted within the British Empire developed into an anti-Japanese policy blocking Japanese commerce in the British Dominions and colonies, giving rise to Anglo-Japanese trade disputes in many places.

Since then Japan has adjusted its friction with the British Empire so far as it concerns Canada, India and Australia with the exception of Egypt and South Africa, it is true, but in case the preferential policy within the Empire is strengthened at the forthcoming Empire Conference, renewed friction may arise to Anglo-Japanese trade relations.

Japanese Journal Discusses Reported Negotiations for Loan in London

Declaring that the report to the effect that China is negotiating for a loan of £20,000,000 in London has been denied by Dr. H. H. Kung, it remains probable that such a loan will be arranged in the near future, the Shanghai *Nichi-Nichi* commented May 17, in an editorial:

"Whenever China borrows money from foreign countries, she has always kept it a secret. Even if the report gets around, high Chinese official will deny it. Judging from the attempts of the National Government to restore foreign confidence in Chinese currency, including the readjustment of foreign loans in recent years, it may be believed that the Chinese and British authorities are really arranging for a £20,000,000 loan. If this loan agreement is concluded, China with the financial assistance of America and Europe will try to restrict the Japanese activities in China. In fact with the conclusion of this loan, China will become deeply involved in the economic structure of America and Europe as a colony. The Chinese people will have a greater burden to pay off this debt. That Chinese railways, airways, and military development are being financed by America and Europe serve as a serious threat to Japan. It lays the foundation of a serious Far Eastern war and creates ill-feelings between China and Japan.

"Despite the fact that China is talking of Sino-Japanese economic co-operation, she is not taking any step in bringing about the co-operation measures. Instead China is carrying on her anti-Japanese movement, which will always cause serious difficulty in the Far East."

The Shipping Problem

Importance is being attached to the shipping problem as well as trade matters. What fundamental measures will be taken at the Empire Conference to cope with the growing friction between the Japanese and British shipping interests on the Indian, Australian and New York lines? If any policy of blocking Japanese navigation is adopted, as reports have said frequently, such as restriction of the navigation of Japanese vessels between England and British dependences and assessment of special tax on entry of ports, etc., it will be a question of life or death for Japanese shipping.

In regard to the Dow notification of the Indian Government, the Foreign Office authorities here have decided to issue a formal reply to India in a few days following completion of arrangements with the authorities of the Communications Ministry. The Foreign Office authorities are carefully drafting the reply, believing that the reply will have a direct bearing on the discussion of the shipping problem at the forthcoming Empire Conference.

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"Marvelous Success of British Economic Policy in China"

(*Editorial in the Tokyo Yomiuri, May 11*)

England's economic activities in China particularly after the establishment of the new Chinese monetary system largely through the efforts of Sir Frederick Leith-Ross have been most marvelous.

In the past one year and a half England has achieved much in China, thus practically restoring all that it had lost due to the anti-British movement staged by the Chinese years ago. It has even registered one step advance as compared with the status it had once enjoyed in China. It would not be right to say that England's investment in China has thus already reached its saturation point, but it is believed that already a certain limit has been exceeded. The question with England for the future is thus believed to be how to maintain and properly operate this "fait accompli" rather than to effect its further advance. Fast securing of its gained interests in China however depends on the stabilization of that Republic, and that stabilization can never be hoped to be obtained without Japan's cooperation. The reason that the London government has made its proposal to the Imperial Government is that Anglo-Japanese cooperation in China can thus be readily approved.

Discussing the subject of a possible Non-Aggression Pact in the Pacific the Tokyo *Kokumin* May 13 commented: "Pledge given for non-aggression by mere treaty stipulation made for it would have little binding effect under the existing situation of the world. The powers are vying with one another for armament expansion and the existing realities are believed to forbid the satisfactory operation of any such treaty to be concluded. The truth of our statement will be realized by examination of the actual experiences the countries contiguous to the Soviet Union have had in their relations with the Soviet Union as the result of concluding with the latter their non-aggression pacts. Such experiences already had by those European countries are feared to be "worse re-experienced" by Japan if she should have a Pacific non-aggression pact concluded. Freedom of high seas is universally admitted in the light of international law, and to draw a line of demarcation for non-aggression on those high seas would be absurdity itself. This idea of concluding a Pacific non-aggression pact is highly objectionable for a country like Japan whose life and future depend much on her ocean activities. Oceans are now practically the only space left for Japan's future activities, now that Japan has been shut out from all the world in her emigration."

Gaimusho Favors Non-Aggression Pact in Pacific, With a String Attached

Agreement "in principle" with the suggestions made by Premier Joseph Lyons of Australia for the conclusion of a non-aggression pact in the Pacific was expressed in Tokyo May 15 by Tatsuo Kawai, former Japanese Consul-General in Shanghai and now official spokesman for the Foreign Office. The scope of such an accord, however, would have to be limited to Japan and Autsralia, Mr. Kawai said.

Nanking Journal Warns Britons Not to Ally Themselves With the "Enemy"

The independent Nanking *Hsin Min Pao*, (New People's Daily) May 14 editorially urged the British authorities not to align themselves with the "enemy" and also reminded the British bourgeois of the bitter lesson they had learned from the general strike in Hongkong 10 years ago.

The general belief that China will be the loser if the present Anglo-Japanese talks should become a success, is not unwarranted, the journal opined.

"China Times" Scores Proposal of Concluding a Pacific Non-Aggression Pact

Discussing the current reports to the effect that a Pacific Non-aggression pact should be concluded between the countries bordering the Pacific, the *China Times*, in an editorial May 18, commented: "Proposals for the conclusion of such a pact were first made by the U.S.S.R. when she was engaged in the completion of the Five Year Plan. By that time, Soviet Russia did everything possible to stop Japanese aggression toward Siberia. Soviet Russia offered Japan rights in Saghalin as well as the fishery rights in the area. Soviet Russia sold to Japan the Chinese Eastern Railway at the cost of China. It is apparent that Soviet Russia proposed the conclusion of a Pacific Non-aggression Pact at that time not for the interest of China but that of herself.

"Developments in the past years have changed the policy of Great Britain. She is trying to preserve peace by force and is building her navy. At the British conference in London she expects Canada and Australia to help her in the preservation of peace by force. Not ready to sacrifice her own interests, Australia proposed the conclusion of Pacific Non-aggression Pact.

"History has told us that international agreements including that of the Nine-Power Pact and the Kellog Pact, failed to preserve peace and order. It is highly problematic whether any more international agreements can stop the aggressive activities of Japan.

"It is not to be expected that Japan will return to China what she occupied already by force in any international conference of the conclusion of non-aggression pact or the Pacific security pact. To negotiate with Japan under the existing condition for a non-aggression pact is nothing else but the legalization of the aggressive acts of Japan in the past six years. This is what we cannot accept under any circumstances. Although we should not fail to utilize international influence to our advantage but we feel that the only solution of our problems is through our own struggle."

Japan Presents Three Principles for Anglo-Japanese Negotiations

The *China Times* of May 17 quoted reliable sources as stating that Japan has presented the following three principles for the Anglo-Japanese negotiations in London: (1) That Japan will recognize the effectiveness of the Nine-Power Pact so as to reduce any suspicion of Great Britain toward Japan's China policy; (2) That Japan will recognize the British economic interests in China and will co-operate with Great Britain to invest capital in this country, and (3) That Japan will ask for loans from Great Britain, so that she may carry on her economic projects in North China.

Britain Prepares to Put Huge Fleet Into Far Eastern Waters

The creation of a Far Eastern Fleet, at a cost of £70,000,000, will be discussed by the Imperial Conference, Guy Eden, diplomatic editor of the London *News Chronicle* stated May 14. This fleet will guard the imperial routes from Africa to the Pacific Ocean and would be as powerful as the Mediterranean Fleet, including a total of 100 units—fifteen capital ships, two squadrons of cruisers and three flotillas of destroyers, formed by fusing fleets of the Dominions, the base being at Singapore.

Von Blomberg's Conversations Ease British-German Tension

Recent advices from London stated that the conversation of General von Blomberg, German Minister of Defence, with British statesmen during Coronation week have done much to relieve the tension in the international atmosphere and have prepared the way for conferences which may open soon concerning negotiations for a West European pact and possibly the return of Germany to Geneva.

The London *Daily Express* foresees the possibility of an accord to be concluded soon with Germany but also believes that London and Berlin are continuing, through their Foreign Offices, preliminary negotiations for a World Economic Conference which might take place either at the end of this year or during the spring of 1938.

According to the *Daily Mail*, some British Ministers have suggested the publication of details of rearmament budgets of all the European nations in order to put an end to the secrecy surrounding armament production.

Thought-Control in Germany—Moscow-Broadcast-Listeners Sentenced to Prison

For forming groups to listen to Moscow broadcasts, a number of persons faced charges of "preparing for high treason," and were sentenced in Hamburg, May 14 to terms of penal servitude ranging from two to six years.

Abyssinian War Cost Italy £112,000,000

The heavy cost to Italy of the Abyssinian war is shown in supplementary figures for the financial year 1935-36 issued May 14. The war, these reveal, entailed an expenditure of 11,350,000,000 lire, or roughly £112,000,000.

Britain's Socialist League Dissolved

The Socialist League, of which Sir Stafford Cripps has been the leading light and whose main program has been to achieve a popular front in Britain, has decided to dissolve itself. At its annual conference, the League decided to terminate all membership from May 31 but agreed to make another appeal to the Labor Party to rescind its decision disaffiliating the League.

Spanish Rebel Troops Now at Gates of Bilbao

After days of desperate fighting, Amor Bieta, half way between Durango and Bilbao, fell into the hands of the Spanish insurgents May 18. The Basques retired in order after fighting a rear-guard action, which enabled them to remove all important military stores. With the capture of Amor Bieta, which is in the middle of a sharp salient running east, General Mola, the rebel commander, is expected to launch his long-expected general offensive against the iron belt around Bilbao. The capture of the city followed an intensive aerial bombardment, during which many buildings were set on fire by high-explosive incendiary bombs.

Spanish Insurgent Planes Bomb Loyalist Capital of Valencia

On May 15, six insurgent planes flew over the city of Valencia, Spanish loyalist wartime capital, dropping several bombs and inflicting heavy casualties. The bombardment lasted only six minutes. One of the bombs, tore a large hole in the street in front of the British Embassy, while another fell behind the Embassy. The chauffeur at the British Embassy was killed in the bombardment, while other victims, dead or wounded, were carried to the Embassy for treatment.

Sato Voices Hope for Improving China-Japan Relations; Gen. Chiang Kai-shek Returns to Nanking

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Foreign Minister Sato Sees Need of Improving Sino-Japanese Relations.**
2. **Abolition of East Hopei Puppet Regime Out of Question, Says Yasukawa.**
3. **General Sung Cheh-yuan Visits Home Town, May Meet Gen. Han Fu-chu.**
4. **Chen Chuen-sheng Impeached for Disobeying Government Orders.**
5. **General Chiang Kai-shek Returns to Nanking, Health Much Improved.**
6. **Dr. H. H. Kung Ends Official Visit in London, Denies Loan Proposals Made.**
7. **Liu Lu-ying Protests Ignorance at Wuchang Trial, Denies Charges.**
8. **Reorganization Measures for Northeastern Army Decided at Nanking.**

Sino-Japanese relations again formed the chief topic of discussion in an address by Naotake Sato, the Foreign Minister, at the opening session of the National Prefectural Governors' Conference May 17. Mr. Sato opened his address by stating that Sino-Japanese relations had not been as amicable as should be expected between two neighboring countries of the same race and culture. A series of unfortunate incidents, he recalled, occurred during last year which further estranged the friendship of the two nations. The Gaimusho head declared "United front against Japan" has now become almost a national slogan in China. Following the liquidation of the Liangkwang and the Sian affairs last year, the National Government is capitalizing on the newly awakened spirit of nationalism among the Chinese people by urging them to stop forthwith internal strifes and prepare for united resistance against foreign aggression. Mr. Sato, continuing, warned his audience not to overlook the success of the National Government in bringing about real political and financial unity throughout the country. Especially impressive, he said, had been the good results achieved by the currency reform plan and the economic reconstruction programs made possible by foreign financial assistance. Japan, Mr. Sato continued, has been viewing with special pride the rapid strides made by her sister nation and is therefore more determined than ever to bring about a harmonious atmosphere in the relations between the two countries. Such an end could be attained, the Foreign Minister believed, by frequenter personal contacts and further promotion of cultural and economic co-operation. The aim is, he pointed out, to establish a kind of mutually dependent economic relationship based upon the common interests of the peoples of the two nations.

A "potential threat" to Japanese commercial expansion in China was seen May 17 by Count Hideo Kodama, Minister of Communications, in the foreign-managed airlines of China. Addressing a meeting of provincial governors, Count Kodama drew the attention of his audience to the extension of British, American, French and German airlines to the Far East and, particularly, their recent activities in China. "It is generally agreed in our country that the expansion of aerial enterprises is the most urgent among our pressing requirements," the Minister continued declaring that the Government was exhausting all efforts in this direction.

EAST HOPEI REGIME ABOLITION OUT OF QUESTION, SAYS YASUKAWA

The abolition of the East Hopei Autonomous Anti-Communist Government is "out of question," because of its importance as a connecting link between China, Japan and Manchukuo, Yunosuke Yasukawa, President of the Oriental Development Company, said May 18 on his arrival at Moji from North China. Mr. Yasukawa revealed that his concern has decided to purchase arable land in Manchuria, covering an area of about 125 square kilometers. On this land, situated in Pinganchen, Kirin Province, his firm intends to launch a mechanized agricultural project.

TIENTSIN MAYOR RETURNING TO CHINA SOON FROM JAPAN VISIT

According to the *Shih Pao*, General Chang Tzu-chung, Mayor of Tientsin, who went to Japan last month at the head of a mission of inquiry from Hopei and Chahar, has decided to return to Tientsin ahead of schedule owing to urgent business in Tientsin. General Chang was to have returned to Tientsin early next month, but it is now stated that he will come back within a very short period.

HSU SHIH-YING GRANTED ANOTHER MONTH'S SICK LEAVE

Hsu Shih-ying, Chinese Ambassador to Japan, who has just recovered from otitis, has been granted another month of sick leave by the Waichiaopu to enable him to recuperate sufficiently before returning to his post. Mr. Hsu is at present in Shanghai.

MORISHIMA ARRIVES IN CHINA, LEAVES FOR NANKING

Morito Morishima, the newly appointed Counsellor of the Japanese Embassy in China, left Shanghai for Nanking May 18 by the night express, a few hours after his arrival in Shanghai from Japan on the *m.v. Chichibu Maru*. Following a brief stay in the Chinese Capital, during which he will confer with Shinrokuro Hidaka, Counsellor of the Embassy and concurrently Consul-General in Nanking, Mr. Morkishima will return to Shanghai for a brief stay. Later, he will proceed to his post in Peiping. Mr. Morishima formerly served as Director of the Gaimusho's East Asiatic Affairs Bureau.

SUNG CHEH-YUAN VISITS HOME TOWN, MAY MEET HAN FU-CHU

Accompanied by his family and over 100 members of his bodyguard, Gen. Sung Cheh-yuan, Chairman of the Hopei-Chahar Political Council, left Tientsin May 11 for Tsangchow enroute to Loling, his home town in northern Shantung. After about one week's stay there, Gen. Sung will make an investigation tour of southern Hopei before returning to Peiping. Gen. Sung, it is also reported, will meet Gen. Han Fu-chu, Chairman of Shantung, for a conference on the North China situation.

CHEN CHUEH-SHENG IMPEACHED FOR DISOBEYING GOVERNMENT ORDERS

A bill of impeachment has been drawn up by the Control Yuan, the highest censory organ in the National Government, against Chen Chueh-sheng, Managing Director of the Peiping-Liaoning Railway Administration, *Central News* reported May 17. Mr. Chen is charged with having neglected the execution of the anti-smuggling orders sent by the Central Government, and with having prohibited Customs agents from exercising their rightful duties. The bill of impeachment against Mr. Chen is the sequel to a report drawn up by Chou Li-sheng, Control Commissioner for Hopei province, who intimated that laxity on the part of Mr. Chen might have accounted for the rampant smuggling in North China.

Chen Chueh-sheng

Establishing the first direct aerial link between Japan and China, a regular eight-hour service between Tokyo and Tientsin will open on June 1, the Huitung Aviation Company announced May 14. Flights in each direction will be made three times a week. The service will be operated in co-operation with the Japan Air Transport Company, the major air service in Japan. Eight-passenger Nakajima all-metal monoplanes, powered with two 500 horsepower motors, will be used. Stops en route will be Dairen, Seoul, and Fukuoka, Kyushu.

JOINT PUNITIVE FORCE TO BE SENT AGAINST RAIDERS

Joint punitive operations will soon be launched by the Hopei-Chahar Pacification Commissioner's forces and Manchukuo troops against the raiders who recently attacked and ransacked Taohuanghu, town on the Jehol-Chahar border. This arrangement came as a result of the findings of a joint Sino-Japanese commission of investigation. The Japanese military took an active interest in this case as the base of the attackers was located in the Chahar demilitarized zone created by the Tangku truce accord. A band of about 100 men under Wang Yu-chih captured Taohuanghu on May 2 after slaying a Japanese police officer and six of his Manchukuo subordinates. When the town was retaken by Manchukuo troops on May 4, another Japanese police officer and three Manchukuo policemen were missing. The 47-year-old chief of the band was subsequently captured and questioned by the Sino-Japanese commission.

"Manchukuo" forces and Chinese troops of the 29th Army are endeavouring to secure the release of one Japanese and four Manchukuo gendarmes, carried off by Chinese bandits at Tachwang-

ho early in May, according to a rpeort made by Major Sakurai, Japanese Adviser to the 29th Army, who has just returned from a trip of investigation to Tachwangho. On April 29 a group of Chinese bandits attacked a Manchukuo police station at Tachwangho, on the border of Chahar and Jehol, but were repulsed. They attacked the police station again on May 1, captured it and held it until May 4 when a detachment Manchukuo police reinforcements, assisted by a few Japanese, launched a counter-attack and drove them out. One Japanese police and six Manchukuo policemen were killed in this engagement. One Japanese gendarme and four Manchukuo gendarmes were kidnapped by the bandits, who are demanding a ransom of $500 for the Japanese captive.

DR. H. H. KUNG ENDS OFFICIAL VISIT IN LONDON, DENIES LOAN PROPOSALS MADE

The official visit of the Chinese delegation to the Coronation came to an end morning of May 15 when Dr. H. H. Kung, Special Ambassador and Chief Delegate, Admiral Chen Shao-kuan, Minister of the Navy, and Dr. Wong Wen-hao, Secretary-General of the Executive Yuan, called at Buckingham Palace to bid farewell to the King. They were received by his Majesty with other foreign delegates.

The leaders of the Chinese delegation were among the guests at the State Ball at the Palace the previous night, as were also Miss Rosamond Kung, Chu Chang-nien, Superintendent of Customs at Shanghai, and Mrs. Chu, and Chiang Wei-kuo, son of General Chiang Kai-shek. In the Royal procession to supper at midnight, Dr. Kung conducted the Duchess of Norfolk, wife of the Earl Marshal. "I couldn't dance because the crowd was too great," said Miss Kung in recounting her experiences at the Ball. "The Royal procession was a wonderful sight," Miss Kung added.

Dr. H. H. Kung and Admiral Chen Shao-kwan attended in the evening of May 14 the state dinner given at Downing Street by the Foreign Secretary, Anthony Eden and Mrs. Eden.

Dr. Kung will remain in London until May 25, when he will leave for Geneva. With the close of Coronation week, Dr. Kung has begun his investigation and study of economic and industrial developments. The counsellors and experts have been assigned to special work in various countries. Sir Hugo Cunliffe-Owen, the tobacco magnate, entertained Dr. Kung and Miss Rosamonde Kung at lunch May 16. The China Institute and the London Chinese Association honored Dr. Kung and Admiral Chen at a reception May 17. Dr. Kung and members of China's delegation to the Coronation were honored at a lunch May 18 by the United Committee of Christian Universities of China. The China Association and the Federation of British Industries honored Dr. Kung and the delegation members at a dinner on May 21. Ambassador Quo will entertain Dr. Kung and the delegation members at a farewell reception on May 24. Mr. Aldrich, Chairman of the Board of Directors of the Chase National Bank, honored Dr. Kung and several members of the delegation at a luncheon May 14.

The above photo shows Dr. H. H. Kung welcomed at the railway station upon his arrival at Vienna on April 28 while en route to London to attend the British Coronation. Left to right: Representative of the Austrian Foreign Office; Dr. C. Kuangson Young, Secretary to the Chinese Delegation; Dr. H. H. Kung, Special Ambassador; Ping-shun Chang, Secretary; Admiral Chen Shao-kwan, Deputy Delegate; Rear-Admiral S. H. Lin, Naval Attache; Lone Liang, Chinese Minister at Prague; and Maj-Gen. Y. C. Kwei (front row), Military Attache.

Dr. H. H. Kung discussed frankly with *Reuter* May 13 various reports concerning his desire to raise a loan in England. He emphatically denied that any proposals had yet been advanced and that any negotiations had been opened. "Naturally," Dr. Kung said, "my subordinates have been paying various informal calls and collecting information." "Sir Frederick Leith-Ross (Chief Economic Adviser to the British Government)," he continues, "has also called on me, but until May 15 I shall be the guest of the King, and it is very improper for me to discuss business until my official visit is over." Neville Chamberlain, the Chancellor of the Exchequer, Dr. Kung revealed, had expressed a wish to dine with him one evening. He pointed out that internal Chinese loans bearing interest ranging from six to nine per cent, absorbed, roughly, $200,000,000 of Customs revenue. Obviously, he would be pleased if he could arrange to pay off this debt by cheaper money, as it would mean so much more money to put into national development and for the purpose of stimulating industry. China's reserves abroad against note circulation, Dr. Kung proceeded, now amounted to 120,000,000 gold dollars in New York and about £25,000,000 in London. This might well give the Chinese people confidence in their currency.

If Customs collection, he said, continued at the present rate, it should aggregate $450,000,000 in a whole year. Meanwhile, the financial experts accompanying the delegation are working hard preparing a statement on China's financial position, but no early conclusion must be expected. Reports that China has proposed this and that, it is stated, can be emphatically disregarded. Many preliminaries are necessary before anything concrete emerges.

The unofficial Chinese delegates to the Coronation were given places in covered stands opposite Buckingham Palace. Dr. C. Kuangson Young, one of the secretaries to the Chinese Coronation delegation, told *Reuter* in an interview on May 14. Dr. Young said these places were most convenient as one was able to see the start of the procession, return to the hotel to listen in to the broadcast of the service and then come back to his seat in time for the second procession. "The general organization of the Coronation proceedings, the police arrangements and the incomparable behavior of the crowd were wonderful," Dr. Young declared. "All those millions packed together were perfectly orderly and good-tempered."

More than a 100 Chinese students attended a tea given May 17 by the China Institute and London China Association in honor of Dr. H. H. Kung. In an amusing and illustrative speech Dr. Kung said in part: "Choose carefully what you desire to learn, study deeply what you have chosen and apply diligently what you have learned."

DR. KUNG EXPECTED IN THE U.S.A.

Chinese officials in Washington said May 17 that Dr. H. H. Kung intends to visit Washington on his way back to Shanghai from London. Members of the Chinese Embassy staff and of the Department of State said they had no knowledge of the date of Dr. Kung's anticipated visit, nor of the details. The information, however, immediately aroused speculation as to the likelihood of financial arrangements affecting the Far East, in view of the fact that persistent rumors here have said that Dr. Kung discussed credits and loans while in London.

JAPANESE BANKS DENY ACCUSATION, SUN FUNDS NEVER HANDLED

Chinese accusations that two Japanese banks in Tientsin had misappropriated funds deposited with them by the late Gen. Sun Chuan-fang were denied May 14. The deceased Chinese warlord never deposited funds with the Tientsin branches of the Yokohama Specie Bank and the Bank of Chosen, spokesmen for the two institutions said, according to *Domei*.

Indignation at alleged Chinese official connivance at the publication by the National Federation of National Salvation Associations of All Walks of Life of a pamphlet entitled "Imperial Japan's Instrigues for the Invasion of China" was expressed May 11 by the Japanese authorities in Shanghai, the *Shanghai Mainichi* reported May 12. The 138-page booklet, the paper said, contains Chinese translations of what purports to be the minutes of a Japanese diplomatic and consular conference held in Shanghai for three days beginning April 8, 1935 and the contents of a report allegedly made by Major Gen. Takayoshi Matsumuro, former chief Japanese military agent in Peiping to the Kwantung Army.

Major Masayuki Mikuriya, Japanese resident officer in Taiyuan, was reported May 15 by the *Kokutsu News Agency* to be negotiating with the Shansi provincial authorities for the release of three Japanese, detained by the City Police Bureau. The arrested men, the news agency said, included two officials of the South Manchuria Railway Company, and a representative of the Hsing Chung Kungssu, affiliated with the S.M.R.

Chen Po-sheng, the Tokyo correspondent of the *Central News Agency*, who recently returned to Peiping from Japan, made a long address on the existing Sino-Japanese situation on May 9. He referred to the situation in North China and said that while those engaged in newspaper work in this part of the country should refrain from any utterances calculated to provoke the Japanese, there was no need for going to the other extreme of "kowtowing" to them at every conceivable opportunity.

The Hopei-Chahar Political Council is organizing a party to tour South China to inspect the work of reconstruction there. The party, which will consist of about 30 members, including a number of local educators, expects to leave for Hankow about the end of this month. It will be gone about three weeks during which the members will visit Hupeh, Hunan, Kwangsi and Kwangtung.

Beginning from the next academic semester, all middle schools in Peiping must include in their curricula two hours' ancient Chinese classics, according to an order handed down by the Hopei and Chahar Political Council May 11.

The Hopei and Chahar Political Council has received instructions from the Executive Yuan directing that all matters relating to press censorship in Peiping and Tientsin are henceforth to be handled by the two Municipal Governments concerned. The Hopei and Chahar Pacification Commissioner's Headquarters, however, will continue to supervise and guide the various matters concerning press censorship in the two cities.

Admiral Sueksugu, a member of the military council of the Japanese Navy, who has been visiting Jehol, arrived at Peiping by aeroplane May 14. He will spend about four days there sightseeing and calling on local Chinese leaders, scheduled to leave for Tientsin on May 18 en route to Mukden and Dairen. On May 16 he would pay a flying visit to Kalgan, returning to Peiping the same day.

Lin Yun-kai, Minister of Audits, who has been on a tour of inspection in Central China, arrived at Peiping May 15 from Shensi and is staying at the Peking Hotel. Mr. Lin has paid calls on local Chinese officials, including General Chin Teh-chun, the Mayor of Peiping. Mr. Lin, who was formerly chairman of the Kwangtung provincial government, expects to spend three or four days investigating the local situation, and will later proceed to Tientsin.

Prince Sha, Chairman of the Suiyuan Mongolian Political Political Autonomy Council, left Peiping for Taiyuan May 16 to confer with Gen. Yen Hsi-shan, Pacification Commissioner for Shansi and Suiyuan. While in Peiping, Prince Sha has had several conversations with high authorities of the Hopei-Chahar Political Council concerning the Suiyuan situation.

Residents of Tinghai, near Ningpo, in Shanghai have addresed a telegram to the Executive Yuan, Ministry of Foreign Affasirs Ministry of Industry and the Chekiang Provincial Government requesting them to lodge a protest with the Japanese authorities against the "invasion" of Japanese fishermen into Chinese territorial waters to catch fish. Japanese fishermen, the telegram stated, using modern steam launches and fishing methods, have constantly "invaded" the waters off the coast of Kiangsu and Chekiang, thus endangering the livelihood of Chinese fishermen. Appropriate action, the wire continued, must be adopted to cope with the situation.

NIPPO SEES REVIVAL OF ANTI-NIPPONISM IN NORTH CHINA

A recrudescence of anti-Nipponism in North China was perceived May 15 by the *Shanghai Nippo* in a series of incidents which have taken place within the past week. A list of alleged anti-Japanese acts, as cited by the journal, included: An attack on a Japanese school boy by a Chinese youth in Peiping on May 14; accusations levelled at the Japanese authorities in Tientsin in connection with the finding of about 200 corpses in the Paiho; alleged detention of three Japanese in Taiyuan by the City Police Bureau. The situation in Tsingtao is also becoming worse, said the *Nippo*, and "our Korean brethren are being roughly handled by Chinese Customs guards." The Nanking Government, the journal asserted, is seeking to justify these acts by accusing the Koreans of being engaged in smuggling activities. The *Nippo* asserted that the recrudescence of anti-Nipponism in North China closely followed the visit paid to Shansi and Suiyuan by Wang Ching-wei, Chairman of the Central Political Council. China's "bellicosity," said the journal, has its roots in "a mistaken belief in her own strength and an illusion that Japan has given in North China." "If this is so," the *Nippo* declared, "we cannot but reach the conclusion that Japan's cautious attitude must be to blame for the new flare up of anti-Nipponism."

GENERAL CHIANG KAI-SHEK BACK IN NANKING, HEALTH CONSIDERABLY IMPROVED

After an absence of seven weeks and five days, Gen. Chiang Kai-shek, President of the Executive Yuan and Chairman of the Military Affairs Commission, returned to Nanking at 1.00 p.m. May 17 from Shanghai aboard his private Sikorsky plane. Gen. Chiang was in excellent spirits, and showed no signs of fatigue after the plane trip. Since his departure from Nanking, Gen. Chiang has been recuperating his health in Fenghua, Hangchow and Shanghai. In the last-named city, he has had one medical examination and two treatments for his teeth.

LIU PROTESTS IGNORANCE AT WUCHANG TRIAL, YANG FAMILY FILES DAMAGE SUIT

The public trial of Liu Lu-yin, former Chairman of the Central Publicity Council, was opened May 15 at the Wuchang District Court. Liu was tried together with nine other defendants, charged in the indictment as his accomplices in engineering a plot to assassinate five high government officials. Four of the nine alleged accomplices are still at large. Only three were brought to the court to answer questions, namely Liu Lu-yin, Kung Po-chow and Cheng Hsi-chao. It was the last-named who fired two shots at, and killed, the late Gen. Yang Yung-tai, former Chairman of the Hupeh provincial government, at Hankow last October 25, and was arrested on the spot. Liu was defended by two attorneys. The trial was presided by Chief Judge Liu Hsien-chi. The judge, in trying Liu Lu-yin, first introduced documents seized at No. 77, Pan Ho Tao, Hongkong, one of which was an outlined plan of the "China Youth Anti-Japan and Traitor-Eradication Special Service Corps," drawn up by Yang Hsiao-ming, alias Hsu Chun. These documents, according to the indictment, showed the signature of Liu. Answering these charges, Liu gave no definite replies. Replies of similar nature were given to the charges regarding the assassination plot, which, according to the indictment, aimed at killing five high government officials. The officials were Gen. Chiang Kai-shek, Gen. Chang Chun, Gen. Chiang Tso-pin, Gen. Yu Fei-peng, and the late Gen. Yang Yung-tai. Liu, however, definitely stated that he had no connection in the killing of the late Gen. Yang in Hankow last October 25. Questioned by the judge as to his attitude toward Generalissimo Chiang Kai-shek, Liu replied:

Liu Lu-yin

"There is not the least doubt that I have perfect confidence in the Generalissimo." Liu further explained that during the last few years he had sacrificed the official posts of Vice-President of the Examination Yuan and Chairman of the Central Publicity Council merely for the purpose of bringing about unity within the Party.

Liu also stated that he had never paid any interest in the activities of the Southwest at that time, and following the death of the late Hu Han-min, former Chairman of the Standing Committee of the Central Executive Committee of the Kuomintang, he said, he could then have proceeded to Nanking to assume his post. He remained in the south, Liu said, to take charge of the funeral arrangements for the late Mr. Hu, but before such arrangements were completed, the Southwest impasse broke out, thereby arousing public suspicions in him.

The afternoon session of May 15 was devoted to the trial to Cheng Hsi-chao and Kung Po-cheng. Cheng admitted that he joined the "China Youth Anti-Japan and Traitor-Eradication Special Service Corps" last September under the direction of Yang Hsiao-ming, now at large. Cheng who was arrested after shooting the late Gen. Yang last October 25 gave a full account of how the assassination was carried out.

One of the latest developments in the trial of Liu Lu-yin was a damage suit filed by the family of the late Gen. Yang Yung-tai, former Chairman of Hupeh. The damage suit was filed May 17, the second day of the trial, by Hsieh Sheng-chi, attorney for the Yang family, asking for compensation of $218,560 from Liu Lu-yin and five other suspects, who are all charged by the indictment as having been responsible, directly or indirectly, for the death of the late Gen. Yang. Liu Lu-yin answered the charges filed against him by the procurators of the Wuchang District Court in a 3,000-word statement which he issued May 17, enumerating seven reasons as a defense of his innocence.

REORGANIZATION OF KWANGTUNG GOVERNMENT DECIDED UPON BY EXECUTIVE YUAN

At its regular session May 18, the Executive Yuan appointed General Wu Te-chen, Chairman of the Kwangtung Provincial Government, to a concurrent post as Civil Affairs Commissioner for Kwangtung in succession to Wang Ying-yu, who was relieved of his post. Hsu Ching-tang was named new Reconstruction Commissioner to succeed Liu Wei-chih, who was also relieved of his post. T. L. Soong and Hsu Chung-ching were reappointed members of the Provincial Government and Finance and Education Commissioners respectively. Pending Mr. Soong's return to his office, Tseng Yang-fu, Mayor of Canton, will serve as acting Finance Commissioner. Only one new member in the person of Hu Chi-hsien was appointed to the Kwangtung Provincial Government; while Li Hsu-kwan, Tsou Min-chu, Hsiao Chi-san and Ouyang Chu were re-named members of the provincial government. The Executive Yuan also appointed Gen. Miao Pei-nan Chief of Staff of the 4th Route Army.

READJUSTMENT MEASURES FOR NORTHEASTERN ARMY AGREED UPON

After lengthy discussions during the past week, measures relating to the readjustment of the units of the former North-eastern (Chang Hsueh-liang) troops have been agreed upon between General Liu Chih, Pacification Commissioner for Honan and Anhwei and concurrently Chairman of the Honan-Anhwei-Kiangsu Military Affairs Readjustment Committee, and the principal N. E. generals. The measures agreed upon are understood to be as follows :—

1.—*System of organization.*—The five Northeastern armies—comprising the 49th, 51st, 57th and 67th Armies under Lieut.-General Liu To-chuan, General Yu Hsueh-chung, Lieut.-Generals Miu Cheng-liu and Wu Ko-jen; and the Cavalry Army under Lieut.-General Ho Chu-kuo—will remain the same. But the various Divisions under these armies will be reorganized in accordance with the system of organization of the Central Government troops before July 1, the commencement of the 26th fiscal year (July 1, 1937).

(The existing organization of the North-eastern army differs from that of the Central Government army; whereas the former consists of 4 divisions of 3 regiments each, the latter consists of 2 or 3 divisions, with each division composed of 2 brigades and each brigade of 2 regiments).

2.—*Garrison posts.*—The various North-eastern armies will be stationed and remain at the posts designated by the Central Government.

3.—*Military funds.*—Beginning from July 1, the commencement of the 26th fiscal year, the military funds for the various N. E. armies will be disbursed directly by the Central Government, in accordance with the regulations governing the payment of military funds during the national emergency. They will therefore be accorded the same treatment as the Central Government troops.

4.—*Personnel.*—The staff of the defunct Commander-in-Chief's Headquarters (at Sian) of the North-western Bandit-suppression Forces and the superfluous officers will be assigned to the Pacification Headquarters for Honan and Anhwei and the Pacification Headquarters for Kiangsu, so that not a single officer or soldier will suffer by the readjustment.

After receiving further instructions from General Ho Ying-chin, Minister of War, it is stated, General Liu Chih will proceed to Kaifeng to convene a formal meeting of the Readjustment Committee to decide on the procedure for the enforcement of the readjustment measures now agreed upon.

Upon urgent summons of Gen. Ho Ying-chin, Minister of War, a group of over 10 army and divisional commanders of the ex-Northeastern forces, headed by Lieut.-Gens. Miao Cheng-liu and Wu Ke-jen, arrived in Nanking May 13 from Kaifeng by plane. Unwavering allegiance to the Central Government was pledged by the ex-Tungpei commanders when interviewed at the airdrome. Their avowed loyalty to the Central Government was heartily commended by Gen. Ho Ying-chin at a luncheon given by the War Minister in their honor. Among those present at the tiffin were Gen. Chen Cheng, Vice-minister of War. Gen. Hsu Yung-chang, Officer-in-Charge of the Military Commission, Gen. Liu Shih, Chairman of the Military Affairs Rehabilitation Commission for Honan, Anhwei and Kiangsu, Gen. Yu Hsueh-chung, Kiangsu Pacification Commissioner, Gen. Wang Shu-chang, Deputy Pacification Commissioner for Honan and Anhwei, and Lt.-Gen. Ho Chu-kuo, Deputy Director of the Generalissimo's Provisional Headquarters in Sian.

Former Tungpei troops under Gen. Yu Hsueh-chung, Pacification Commissioner for Kiangsu, left Pengpu May 15 for Tsing-kiangpu, where Gen. Yu's headquarters are established. The 51st Army will garrison Pengpu.

ANHWEI CHAIRMAN SWORN INTO OFFICE

Liu Shang-ching, new Chairman of Anhwei, and other members of the reorganized provincial government, were formally installed into office at a ceremony held in Wuhu on May 20. Miao Pei-cheng, special commissioner of the Anhwei Provincial Kuomintang Headquarters and Chen Fu-ming, president of the Anhwei High Court, administered the oath-taking on behalf of the Central Kuomintang and the National Government, respectively.

Liu Shang-ching

Gen. Chiang Ting-wen, one of the captives during the Sian rebellion last December, has returned to his former post as Pacification Commissioner for Fukien by order of the Military Affairs Commission. In a telegram to the Fukien Provincial Government, the Commission stated that Gen. Chiang was transferred to Shensi last year before the Sian coup for special duty. With the liquidation of the Sian rebellion and the demobilization of his troops, Gen. Chiang was to return to his post which had been concurrently held during his absence by Gen. Chen Yi, Chairman of the Fukien Provincial Government.

REORGANIZATION OF 53RD ARMY AS PART OF NATIONAL DEFENCE DISCUSSED

General Wan Fu-lin, commander of the 53rd Army, announced that the purpose of the visit to Nanking of his Chief-of-staff, Chao Tse-yu, was to discuss the reorganization of the 53rd Army as part of the national defence, according to a despatch from Paoting. Considerable significance attaches to the move as it will bring the only large body of Chinese troops in Hopei province, apart from the 29th Army of General Sung Cheh-yuan, within the scope of Nanking's new military rehabilitation commission in Honan, Anhwei and Kiangsu. The 53rd Army, formerly a part of the North-eastern troops under the command of Chang Hsueh-liang, is now stationed at Paoting, Hopei.

YANG HU-CHENG SAID COMING TO SHANGHAI SHORTLY

Gen. Yang Hu-cheng, resigned Pacification Commissioner of Shensi, was scheduled to leave Sian for Shanghai by plane this week-end. Public organizations in Sian held a farewell reception in Gen. Yang's honor on May 19.

MA HSIANG-PO HONORED AT BIRTHDAY CELEBRATION IN NANKING

The ninety-eighth birthday anniversary of Ma Hsiang-po, state councillor and venerated educator, was celebrated at the International Club in Nanking May 16. Gen. Feng Yu-hsiang, deputy Chairman of the Military Affairs Commission, presided at the ceremonies. A whole congregation of well wishers arose as one man when the near-centenarian, in a man-shouldered ricket chair, arrived in the Club house. He received three bows from the entire body of guests in a burst of reverence and admiration. Many important Government leaders, who have been close associates of Mr. Ma in his earlier years, spoke at the meeting, including Yu Yu-jen, President of the Control Yuan, Chang Chi, Sir Robert Ho Tung, the noted business magnate of Hongkong, and Shao Li-tze, Director of the Central Publicity Department. Gen. Chiang Kai-shek, President of the Executive Yuan, who was one of the 98 sponsors of the celebrations, was also represented. Before a microphone, Mr. Ma broadcast briefly his thanks for his well wishers. He expressed great optimism for the future of China and said as long as due encouragement is given to the study of natural sciences and the development of industries and commerce, the nation will prosper. The ninety-eight years old scholar came from Shanghai to make his permanent residence in Nanking last November. A fund is being established to build a house for him in the capital, which was swelled by more than $15,500 today being birthday gifts from his admirers all over the country, including $3,000 from Gen. Chiang Kai-shek, $1,000 each from Yu Yu-jen and Gen. Feng Yu-hsiang, and $500 from Dr. H. H. Kung, Minister of Finance.

18 PROVINCES, MUNICIPALITIES ASKED TO SUBMIT CONGRESS DELEGATES NAMES

Eighteen provinces and municipalities have been requested by the Office for the Election of Delegates to the National People's Congress to submit the names of delegates elected in their respective localities before the end of May at the latest. The 18 units include Shensi, Kansu, Anhwei, Kiangsi, Honan, Yunnan, Hupeh and Chinghai provinces, and the municipality of Shanghai.

The date for fresh elections of delegates to the National People's Congress (*Kuo-Min Ta-Hui*) has been fixed for July 1 by the General Election Office. A circular order has been issued by the General Office to its branches in the various provinces and municipalities instructing them to hasten preparations.

What America Must Do To Maintain Naval Parity with Great Britain

BY REAR ADMIRAL YATES STIRLING (Ret.)

Noted Naval Expert, Former Commandant of the Brooklyn Navy Yard, and more recently Commander in Chief of U.S. Navy forces in the Far East.

(in the New York American)

DETAILS of a vast rearmament program have reached the British Parliament, for which is asked in 1937 the large sum of $1,348,695,000. It has been reported also that Great Britain is determined to spend in the next five years on rearmament the staggering sum of 7½ billion dollars. Translating this sum to this country, in proportion to population, it would mean the expenditure of 22 billion dollars, an amount about equal to our national debt at the end of the World War.

Details as given out for naval increases at once call for five 35,000,-ton battleships, two keels already laid, 27 knots speed, 14-inch guns, to cost 40 million dollars each; two 9,000-ton and five 5,000-ton cruisers with 6-inch guns; two aircraft carriers of 18,000 tons each, also heavy increases in naval personnel and of essential naval facilities and stores.

The Royal Air Force is to receive large increases for new air stations, personnel and airplanes. It has been reported that the Air Ministry aims to obtain an effective force of 10,000 airplanes.

Other accounts from England are to the effect that in the next five years ten battleships are to be constructed. It is evident that an increase in all other warship types will march along, side by side, with this increase in battleships.

The United States has laid down a naval policy of "A navy second to none." In pursuing that policy the United States will be compelled to lay down keel for keel with Great Britain.

For centuries it has been the proud boast that "Britannia Rules the Waves." This brought the rule of the world, for the records of history show that the nation ruling the seas will rule the world itself.

Achieving this, Great Britain became the richest empire of the world since Rome. Raw materials and manufactured articles of every nation using the sea were at her mercy. Great Britain could make or break any nation dependent upon sea trade for its prosperity. The trade of the globe was hers to take.

The British Isles, due to the power and prestige of the Royal Navy, always remained safe from attack. No nation dared attempt a blockade of England.

Then the submarine appeared to weaken the British boast of ruling the seas. The British combat doctrine was; that an enemy on the sea brought to "grips" was an enemy vanquished. The submarine could not be brought to grips, and very nearly succeeded in accomplishing an effective blockade of England.

The march of events brought the airplane to even greater prominence. This new weapon, operating in a third dimension, has caused war fleets grave concern. Destruction from the air over England is not all; the great merchant fleet concentrating in the Channel, bringing food and supplies to England from all parts of the world, can also be destroyed from the air.

The British Isles thus have lost their vaunted immunity from attack and no longer can the Royal Navy guarantee security. Starvation to forty million islanders in the next war is a ghastly possibility.

The British Lion is awake and worried. Taking stock, Great Britain finds its strength in battleships will be heavily discounted by those of Germany, France, Japan and Italy. The oldest British battleship, the Repulse, was completed in 1916; the newest, the Nelson, in 1927. Thirteen others were completed in the years between.

Great Britain now appreciates thoroughly the value of naval air forces—5 new carriers are probable, costing 15 million dollars each. She has advocated abolishing submarines, but as other nations are unwilling she might lay down 30 new vessels of this type, costing each from 2 to 3 million dollars, depending upon tonnage.

The reason primarily that the cost for parity is so high is that this country is short of *modern* ships of the battleship, destroyer and submarine types and in consequence her building plan will be heavier than Great Britain's. The cost is almost double.

Should the United States insist upon maintaining parity with England, type for type, the undertaking will be a huge one. The following tables give some idea of the problem and the cost:

GREAT BRITAIN

Type	*End of 5 Years*	*Built in 5 Years*	*Added Tonnage*	*Approx. Cost in $ millions*
Battleships	22	10	350,000	400
Battle Cruisers	3	0		
Cruisers	70	20	150,000	170
Aircraft Carriers	13	5	100,000	60
Destroyers	237	80	135,000	240
Submarines	82	30	45,000	75
Naval Airplanes	1750	750		30
			Total...	975

UNITED STATES

Battleships	25	13	455,000	650
Cruisers	70	33	280,000	330
Aircraft Carriers	13	7	140,000	105
Destroyers	237	164	262,400	600
Submarines	82	51	102,000	153
Naval Airplanes	1750	750		35
			Total	...1873

Pan-American Airways Building Clippers of Larger Size for Pacific Service

K. A. Kennedy, of the Pacific Division of the Pan-American Airways, gave an account of his company's immediate plans for expansion during the course of an interview in Shanghai with a representative of *The Shanghai Times* May 14. At the present time six new Clipper airships, far larger than those now in operation, are being built in Seattle at a cost of about U.S. $2,200,000 per unit, Mr. Kennedy stated. Some idea of the size of these planes can be obtained from the fact that they weigh 42 tons as against the 26 tons of those now in operation. By far the largest planes in the world, the new Pan-American Clippers will be used exclusively in the Pacific, and in all probability several will be placed on the service between China and the United States.

Mr. Kennedy arrived in Shanghai after a trip to the North-West. As traffic manager of Pan-American's Pacific Division he has been making a survey trip in China and has flown the whole of the China National Aviation Corporation's system. He departed for Hongkong May 15 to board a Clipper for California.

Soviet Pilot Sets World Airplane Speed Records With Five-Ton Pay-Load

Captain Baidukov, a Soviet pilot, flying a transport airplane designed by engineer Bolkhovitinov, powered with four motors of 860 horsepower each and carrying a pay load of five tons, covered 2,002.6 kilometres in a closed circuit at an average speed of 280 kilometres per hour on May 14. The flight establishes world speed records for a flight with a pay-load of five tons on a closed circuit for 2,000 and also 1,000 kilometres.

Tokyo-Tientsin to Be Covered in Eight Hours

Establishing the first direct aerial link between Japan and China, a regular eight-hour service between Tokyo and Tientsin will open on June 1, the Huitung Aviation Company announced in Tientsin, May 14. Flights in each direction will be made three times a week. The service will be operated in co-operation with the Japan Air Transport Company, the major air service in Japan.

Franco-Japan Firm to Make Planes With Renault Patents

A joint Franco-Japanese concern, to be known as the Showa-Renault Company, was organized in Tokyo, May 14 to manufacture light airplanes. Making use of patents held by the Renault interests of France, the firm will produce craft engined with 80-100 h.p. motors.

Levy on Public Officials for Airplane Fund to Be Continued

In compliance with the request of the General Association of the China National Aviation Reconstruction Commissions the Executive Yuan, at its meeting in Nanking, May 11, decided that the period for the imposition of a compulsory levy on the salaries of public functionaries towards the Airplane Fund be extended for another year as from July 1 of the 26th Year of the Republic of China (1937) in order to facilitate the development of aviation.

Chinese Officials Tender Congratulations on Occasion of British Coronation

On behalf of President Lin Sen, Teng Chia-yen, member of the National Government Committee, called at the Nanking Office of the British Embassy at noon May 12 and tendered congratulations to Sir Hughe Montgomery Knatchbull-Hugessen, the British Ambassador, on the coronation of King George VI and Queen Elizabeth. Dr. Wang Chung-hui, Minister of Foreign Affairs and Acting President of the Executive Yuan, and Ma Chao-chun, Mayor of Nanking, also called and tendered their congratulations to the Ambassador.

Japanese Army Wants Half Billion Yen Additional in Next Year's Budget

TOSSING a bombshell into the already confused Japanese political scene, the Army authorities in Japan May 17 revealed their intention of seeking additional Yen 500,000,000 in the next year's budget. With Yen 727,965,000 appropriated for Army needs in the current fiscal year, the new demand will bring the amount put at the Army's disposal at well over Yen 1,200,000,000. Announcing the Army's plans, high military officers disclosed a comprehensive program, designed to place the nation's man-power and productive capacity on a semi-war basis. Increased Army expenditures, the officers admitted, would result in new increases in the index of commodity prices.

Bills designed to offset such an effect, as well as to expand Japan's industrial capacity, they said, would be presented to the extraordinary session of the Diet, meeting next August.

Further expansion of the munitions industry, the officers declared, would naturally follow an increase in the Army's expenditures. Steps will therefore, have to be taken to provide suitable protection for workers, both in the matter of wages and conditions of labor. Connected with this will be a comprehensive plan for the enhancement of national health and strength. Bills providing for control over labor and for the establishment of a nation-wide health system, they disclosed, may also be presented at the extraordinary session of the Diet.

The Army's appropriations have shown a steady growth in recent years, especially after the Manchurian Incident of 1931. Similar gains were registered by the funds earmarked for the needs of the Navy. The situation is shown in the following table:

	Army	*Navy*
1930-31	Yen 200,824,000	Yen 242,035,000
1931-32	227,488,000	227,129,000
1932-33	373,575,000	312,809,000
1933-34	462,644,000	409,975,000
1934-35	453,695,000	489,147,000
1935-36	492,958,000	529,683,000
1936-37	508,317,000	551,467,000
1937-38	727,965,000	681,653,000

With the budget for the current year standing at Yen 2,813,937,000, the combined expenditures for the Fighting Services exceeded 50 per cent of the nation's expenses.

Prices Commission Set Up by Japanese Cabinet

The Japanese Cabinet has formally approved the organization of a Provisional Price Policy Commission to study the rise in commodity prices and measures for dealing with the recent marked rise in the cost of living in Japan.

Influenced by world tendencies, the weakness of the yen and the fact that 50 per cent of the current Japanese Budget will be expended on armaments, together with forecasts that even a bigger proportion of expenditure in future years will be allotted to replenishment of the Army and Navy, both wholesale and retail price indexes are rising rapidly in the Island Empire.

The Japanese Government feels that if this state of affairs is left unchecked, the insecurity of the people's living will be increasingly intensified and great difficulty will be experienced in carrying out the Budget and, especially, its rearmament program. Furthermore, the unexpectedly heavy increases in the costs of imported goods and raw materials is seriously affecting Japan's already unfavorable trade balance, impairing the sound development of her national economy and the vital expansion of her industries. It is therefore considered incumbent on the Government to inquire speedily into the causes of the rise of prices, to take appropriate and effective steps to combat them and to assure that the national policies for seeing the nation through the current emergency will be thoroughly enforced. The Provisional Price Policy Commission has therefore been created for this purpose.

Clearing the way for the execution of the much-heralded reform policies of the Hayashi Cabinet, the Privy Council May 10 gave its approval to the creation of a National Board of Planning. Emperor Hirohito attended the Council meeting.

Minseito and Seiyukai Form Joint Anti-Cabinet Front

Two weeks after inflicting a crushing defeat upon the Government at the polls, the two major political parties May 14 formed a joint anti-Cabinet front. Undeterred by the parties' move, Premier Hayashi continues to press for the adoption of Army-backed national reforms, which he declares to be vitally necessary for coping with the crisis, currently confronting Japan. In an address at the inaugural meeting of the Board of National Planning, Gen. Hayashi defended the creation of the body, on the ground that the settlement of external problems alone would not dissolve the crisis.

Former Diet Member Imprisoned for Purchasing Votes

Kaju Nakamura, previous Seiyukai member of the House of Representatives, who ran for a seat in the first constituency of Kagoshima in the last general election but who was defeated, was sent to Kagoshima Prison on the night of May 6, charged with having made house-to-house calls and purchasing votes. Mr. Nakamura is 57 years old.

Minseito-Seiyukai Union Not "Popular Front"

Seeking to forestall probable Army opposition, the Minseito and the Seiyukai, major parties in the Lower House of the Diet, May 15 were reported to be planning to obtain the understanding of the military regarding the "true purpose" of their joint anti-Governmental front proclaimed the previous day. According to the Tokyo *Kokumin*, a daily formerly closely affiliated with the fighting services, the two parties will point out that their collaboration does not signify the rise of a liberal "popular front."

Nippon Yusen Kaisha Places Order for Three New Ocean Liners

With an eye to the tourist wave expected to flood the Orient in 1940,—the year of the XIIth Olympiad,—the Nippon Yusen Kaisha May 13 placed an order for the construction of three 16,500-ton liners with the Nagasaki dockyards of the Mitsubishi Heavy Industry Company. The ships, patterned after *Chichibu Maru*, will be built at a cost of Yen 15,000,000 each.

Japanese Students to Tour Germany in Automobile

Three Japanese students of Jochi University, founded and supported by German missionaries, will leave Tokyo for the Reich on June 10 with a goodwill message to the Nazi youth. On their arrival in Berlin, on July 14, the students will be given an automobile by the Foreign Ministry in which they will set out upon an extended tour of Germany. In 1934, a group of Jochi students made a similar tour of the United States and Canada.

Japanese Firm to Seek Control of Pearls and Pineapples in South Seas

In an effort to secure control over the production of pearls and pineapples in the South Seas Islands, the semi-official South Seas Development Company May 13 decided to establish two new subsidiary concerns. The Ocean Pearl Fishing Company, capitalized at Yen 1,200,000, will attempt to stabilize conditions in the pearl trade in the Islands. The firm will have a fleet of more than 50 boats specially equipped for pearl diving. Another firm, capitalized at Yen 4,000,000, will be established early next month to secure control of the output of pineapples in the mandated islands.

Japanese Gold Used to Pay Foreign Bonds in U. S.

Out of the Yen 50,000,000 worth of gold bullion shipped to the United States in March and April by the Government, Yen 30,000,000 has been used for service of foreign bonds, and the remainder was sold to the Yokohama Specie Bank, the Tokyo Treasury revealed May 14. The gold purchased by the Y.S.B. was converted into United States dollars.

Marxist to Be Released from Japanese Jail June 15

After nearly four years in jail, Dr. Hajime Kawakami, former Professor of the Kyoto Imperial University and an authority on Marxism, will be released from the Kosuge prison on June 15. The scholar was imprisoned on Sept. 15, 1933, on being convicted on charges of participating in Communist activities. His five-year term was reduced as a result of an amnesty declared on the Birth of the Crown Prince.

Rejected Woman's Vengeance—122 Houses Burnt Down: Temple Set on Fire

Incendiarism was responsible for a big fire in Yamashiro, Ishikawa prefecture, Japan, a well known hot spring resort, in the small hours of May 12. Altogether 122 houses were destroyed, and the loss is estimated at Yen 500,000. The blaze started in the premises of the Korakuji Temple, of the Nishi Honganji Sect, near the hot spring resort at about half past one o'clock. Though over 20 fire engines were called out, they were helpless for a long while, and the flames were not brought under control until five o'clock. On the strength of information that the chief priest had some trouble with a woman recently, the police commenced activities immediately after the blaze was quenched the next morning. Fumiko Nagata, aged 55, was arrested, and confessed to the crime.

Fumiko had been intimate with Kyojun Kurumatani, the chief priest, aged 62, for some time and recently began pressing him for marriage. Kurumatani's reply was to take up with another woman, and this drove her to set fire to the temple by way of revenge.

Mitsubishi Builds Two Sub-Marines for Siamese Navy

Two submarines built by the Mitsubishi Heavy Industry Company to the order of the Siamese Navy Ministry were launched at the firm's dockyards in Kobe on May 14.

UNIFICATION OF CHINA CAUSES JAPAN TO SOFT-PEDAL HER POLICY

According to the *Kobe Shimbun* and other Japanese papers, an agreement of views was reached at the conference of the authorities of the Foreign Office, the War Office and the Navy Department in Tokyo May 10 regarding the fundamentals of the policy to be pursued by the Government towards China.

It was recognized at the conference, these papers said, that the position of the Nanking Government has been consolidated considerably since the currency reform was effected. The Sian episode only served to confirm this fact. Without conceding its dominant position, the Nanking Government had also effected a rapprochement with the Communist party. It had also settled the South-West problem and curtailed the powers and influence of local military leaders. The centralization of power thus achieved cannot be ignored, it was generally agreed.

The fact was also recognized that with or without General Chiang Kai-shek at its head, the Nanking Government will maintain its solid position unimpaired for some time to come. The military elements which are most powerful in the Nanking Government are devoted to the support of the present regime and are working energetically for the achievement of the unification of the country. In shaping her policy towards China, the Japanese Government, it was stated, would have to look these facts in the face and take special care not to make any miscalculation of the main current of Chinese opinion.

A readjustment of Sino-Japanese relations, the *Shanghai Nippo* said editorially May 13, would exert a powerful influence upon the stabilization of China's national finances. Many observers, the journal declared, treat China's budget as a domestic problem. This view, in the daily's opinion, is erroneous. The $1,000,649,489 budget for the 1937 fiscal year, as approved by the Central Political Council on Wednesday, is $9,991,028 above the amount for the current year, the daily noted. Such a gain, the *Nippo* said, is inevitable in view of Nanking's ambitious rehabilitation program, but will probably exert an unhealthy effect upon the nation's industrial life. The factors responsible for the increased expenditures were listed by the daily as follows: unrest in the Southwest; the Sian incident; political unrest and famine in Szechuan; transfer and reorganization of the Northwestern forces.

Formosan Governor Reports to Tokyo on Conditions in Island

Admiral Seizo Kobayashi, governor-general of Formosa, arrived in Tokyo May 14 from Taihoku to report on conditions on the island.

Japanese Cloth Sold as British After Finishing Process in Lancashire

The import of a cheap grey cloth in large quantities in order to undergo a finishing process, and its resale abroad as British goods, was the subject of complaint at the meeting of the Association of British Chambers of Commerce at the Hotel Victoria, in London, recently. "We do not object to Japanese cloth coming to this country," said Joseph Thwites (Bolton), "but we do object to it being shipped abroad again as British."

Shanghai "Nichi-Nichi" Protests Against N. S. A. Anti-Japanese Pamphlet

Declaring that a pamphlet entitled "Intrigues of Japanese Imperialistic Aggression in China" published by the National Salvation Association is of great significance in the anti-Japanese movement, the Shanghai *Nichi-Nichi* May 13 commented:

"In the pamphlet we find a section regarding the details of the Shanghai conference of the Japanese Consuls-General. According to the pamphlet the Japanese Consul-General in Hankow proposed the domination of Szechuen and Hunan markets by Japan. The Japanese Consul-General in Tsingtao proposed to disrupt the friendly relations between Gen. Han Fu-chu and Admiral Shen Hung-lien. The Japanese official proposed to assist Admiral Shen to oppose Gen. Han and to assist Gen. Han to oppose Gen. Chiang Kai-shek. The Japanese Consul-General in Nanking proposed the expansion of the intelligence service along the Yangtze ports so as to find out the military expansion plans of the National Government. The Japanese Consul-General in Tsinan proposed to assist Gen. Han so as to establish an independent regime in Shantung. All these are false, but its effect on the anti-Japanese movement is tremendous."

In conclusion, the paper wrote: "First and foremost we must ask the National Government to take full responsibility for this kind of anti-Japanese propangada."

Foreign Oil Companies in Japan Decline to Make Contract With M. B. K.

The *Osaka Mainichi* says the foreign petroleum firms in Japan are declining to sign a contract with the Mitsui Bussan Kaisha to the effect that the latter will take over the obligation of the foreign firms to stock a certain amount of petroleum in accordance with the provisions of the Oil Industry Act. The foreign concerns base their objection on the fact that the government-general of Chosen has reduced the quota for them regarding oil marketing in Chosen simultaneous with its grant of a large quota to the Chosen Petroleum Co., in view of the increase in the oil production of the company. The Commerce Office in Tokyo has decided to work out measures to deal with the issue in cooperation with the government-general and the Overseas Office on the principle that Japan proper and Chosen should be regarded as a unit as far as industrial control is concerned.

It is believed by the *Mainichi* that the Commerce Office will seek to break the deadlock by increasing the quota of the foreign firms in Chosen to a figure coinciding with that in Japan proper.

Japanese Fishing Firm to Establish Mexican Subsidiary

Aiming at the expansion of its activities off the Mexican coast, the Japan Fisheries Company May 13 announced its decision to establish a joint Japanese-Mexican concern to assume charge of its Latin-American operations. The company's fleet of two trawlers, which has been fishing lobsters and shrimps off Mexico for the last two years, soon will have a new addition.

Forest Fires Sweep Korea and Part of Japan

Four forest fires in Korea, fanned by a storm which also wrecked perhaps 100 fishing boats, covered almost 50,000 acres early this month. In Japan, another fire destroyed about 500 acres of mountain forest in Nagano Prefecture before it was brought under control.

Japan Faced with Coal Shortage—Must Look to Continent for Supplies

Japan's annual consumption of coal has been mounting at a rate of a little over 10 per cent. per annum since 1931. The total consumption in Japan Proper stood at 27,000,000 tons in 1931, but the 1936 total was 43,500,000 tons. It is considered certain that Japan's consumption in and after 1941 will exceed 70,000,000 tons. Thus Japan must increase her annual output by 27,000,000 tons within the next few years.

The outlook in her colliery industry, however, hardly admits of unqualified optimism. Although the production in Kyushu last year constituted 67 per cent of the national total, it is highly doubtful whether such a large percentage can be maintained in future, the general impression being that the peak has already been seen. Hokkaido and South Saghalien are the only hopeful sources, but the former has poor transport facilities and the latter climatic difficulties.

A Japanese expert holds the view that in the next five years Japan will be able to increase her output by only 15,000,000 tons; 7,000,000 to 8,000,000 tons in Hokkaido, about 2,000,000 tons in South Saghalien and about 5,000,000 tons in Japan Proper, including Kyushu.

If so, there will be a shortage of 12,000,000 tons, which must be sought in other countries, especially Manchukuo and North China. Hence it is being suggested in many quarters to form an East Asiatic coal bloc so as to ensure adequate supplies for Japan's needs at reasonable prices.

Japanese Launch Blows Up at Hongkong

More than a thirty persons, the majority of them Japanese who were enroute to Brazil as emigrants, (but also including a number of Chinese) off the m.v. *Rio de Janeiro Maru* bound for South America, perished in an explosion that wrecked the Osaka Shosen Kaisha tender *Dojima Maru* and rocked Hongkong's waterfront on the night of May 17. The blast, believed to have been caused by the bursting of the tender's boilers, hurled bodies a quarter of a mile from Queen's Pier where the launch was about to be tied up. A body was found on the roof of the Cable Company Building, while parts of other victims were thrown a full 200 yards on the Hongkong Club verandah.

Other bodies littered the waterfront while wreckage from the pier and the launch were scattered over a wide area.

One Chinese sailor, who was casting off as the launch was about to get under way, escaped injury when he was blown into the water. He swam ashore unharmed. One Japanese woman was decapitated.

Some sampans moored at Praya Wall are also believed to have been sunk with loss of life. Police said that they did not believe any Occidentals were killed or injured.

The roof of Queen's Pier was holed by the force of the blast, but the damage appeared not to be serious.

Pieces of timber from the launch were strewn all over the waterfront.

Chinese in Tientsin Arrested for Selling Land to Japanese

A *Kuo Min* message from Tientsin May 12 stated that two notorious traitors, who recently sold over 10,000 mows of land in Tientsin—adjoining the Japanese concession—to Japanese have been arrested. They are Chang Hua-hsien and Chang Huan-tang. Chang was formerly employed at a Government organ in Tientsin. He purchased a large area of land from the peasants and transferred it to the foreigners, making a profit of over $20 on each mow.

General Sung Che-yuan, Chairman of the Hopei-Chahar Political Affairs Committee, has instructed the Tientsin Municipal Government to mete out drastic punishment to the two culprits. The police are also looking for one Chang Tzu-ching, who secretly sold over five mows of land in the second municipal district in Tientsin to a certain foreign firm, known as the Li Yuan Co. Agents of the said company proceeded to the place and demanded the removal of the tenants, saying that they were dispatched to tear down the house. Chao, one of the tenants, notified the Police Bureau, which issued an order for the arrest of Chang Tzu-ching, the owner.

Anti-Japanese Movement Spreads in North China

Great attention is being paid by the Japanese authorities to the revival of anti-Japanese movement in North China. The outstanding instances of this anti-Japanese movement (as quoted in the *Shanghai Nichi-Nichi*) are:

1.—The injury of a Japanese student by Chinese on May 14,

2.—The illegal arrest of Japanese in Taiyuan by the Chinese police on May 13,

3.—The action on the part of Chinese in throwing stones against the motor cars belonging to Japanese in Kalgan, and

4.—The publication of reports by all the Chinese newspapers in North China, alleging that the dead bodies picked up from the Hai Ho were killed by the Japanese.

Japan to Stage Revolts in Tientsin?

After the return of Gen. Hashimoto, chief of staff of the Japanese Garrison in North China, from Japan, the Japanese Special Service Department in Tientsin has become once again very active, according to the *Ta Mei Wan Pao* of May 18. It was reported that the Japanese Special Service and the Japanese Garrison in North China are enlisting plain clothes men secretly for the purpose of staging revolts in Tientsin. At a recent conference in Tokyo, it is reported, that Gen. Hashimoto proposed the increase of Japanese troops in North China and the building of more barracks in Fengtai. The Japanese officer proposed also to demand Gen. Sung Cheh-yuan, chairman of the Hopei-Chahar Political Council, to make known his real attitude toward Japan.

Three Japanese in Taiyuan in Trouble Over Ricsha Fare

Three Japanese business representatives in Taiyuan, capital of Shansi Province, were detained overnight on May 12 by the City Police Bureau, the Kokutsu *News Agency* reported May 14. The detained men, were Mr. Matsushita, representative of the South Manchuria Railway Company, and Mr. Miyazaki, representative of the Hsing Chung Kungssu, affiliated with the S.M.R., and another. The affair originated over a dispute regarding ricsha fares.

Japanese Arrested by Police in Taiyuan Are Released

Three Japanese were arrested in the night of May 12, when more than 20 Japanese broke into the Chinese police station in the city. It is reported that the incident started when two Japanese who got drunk started to beat people on the street including policemen. As the result of the director of the Japanese Special Service Department tendering an apology to the Chinese authorities the arrested Japanese were released May 16.

Japanese Boy Beaten by Chinese Youth in Peiping

An eleven-year old Japanese boy, Hideo Hotari, was badly beaten at Peiping May 14 by a Chinese youth on Changan Street, according to the *Kokutsu News Agency*. The Japanese child was immediately rushed to the Dojin Hospital, where he will remain for the next two weeks. The assailant is being examined by the Chinese and Japanese police authorities.

Tientsin Municipal Government Secures Million Dollar Reconstruction Loan

The Tientsin Municipal Government has obtained a $1,000,000 reconstruction loan from 22 banks, including the Central Bank, the Bank of Communications, and the Hopei Provincial Bank. Initiated more than a year ago when Gen. Hsiao Chen-ying, who is now in Europe, was Mayor of Tientsin, the negotiations were continued by Gen. Chang Tse-chung, the present Mayor now visiting in Japan. The loan, it is stated, will be secured on the annual contributions from the Tientsin Tramway and Light Company. The proceeds will be devoted mainly to the construction of roads and bridges.

Chengchow Police Arrest Two Chinese Who Recruited Bandits

Three Chinese, Liu Ying-po, Tu Chang-te and Yen Te-hai, who were employed by Japanese to recruit bandits for staging uprisings in Honan, were arrested in Chengchow, May 15, by units of the special affairs corps of the Honan-Anhwei Pacification Headquarters. A deposit receipt for $10,000, and a quantity of military uniforms and secret documents were also seized. The police at Chengchow are at present looking for Kang Kuo-ching, an accomplice, who is at large.

Japanese in Shantung Request Increase of Japanese Troops Along Tsinan-Tsingtao Railway

On the pretext that the anti-Japanese movement in Shantung is being intensified, Japanese residents in the province at a meeting in Tsingtao on May 9, resolved to request the Japanese Government to send more troops to Shantung for the protection of Japanese nationals along the Tsinan-Tsingtao Railway.

500,000 Tons of Scrap Iron to Be Sent from North China to Japan

Scrap iron accumulated by the Peiping-Liaoning Railway weighing 500,000 tons has been sold to Japanese in recent months. This scrap iron will be shipped to Japan in the near future.

Japanese Oriental Development Company Wants Monopoly in North China Development

In an interview in Tientsin last week, the president of the Japanese Oriental Development Company, declared that although there would be no difficulty in obtaining capital for the economic development of North China, a very important prerequisite must be fulfilled.

According to the Japanese industrialist, a clear demarcation must be made regarding the activities of the Hsin Chung Company, financed and directed by the South Manchuria Railway Company, so that there will be no conflict of interests between the two companies. The Japanese industrialist made it clear that he felt the Hsin Chung Company ought to withdraw all its interests, so that the Oriental Development Company might carry on the work independently.

It is revealed that at the Dairen conference on May 13, this problem was thoroughly discussed between the Japanese industrialists as well as representatives of Japanese military authorities.

Concrete Plan for Economic Development in North China Decided at Dairen Conference

Concrete plans for the economic development in North China were decided upon at the recent Dairen conference, according to a high officer of the Japanese Garrison in North China, who returned to Tientsin May 10 to report to Lt.-Gen. Tashiro, commander of the Japanese Garrison in North China. According to the officer, definite plans for the building of Tientsin-Shihchiachuan Railway, building of Tangku harbor, development of the Hai Ho, opening of Lungyen mines, development of Chin Chin Mines, and plantation of cotton in Hopei have been decided upon, which are to be submitted to Gen. Sung Cheh-yuan, chairman of the Hopei-Chahar Political Council.

It is further reported that the South Manchuria Railway Company, the Hsin Chung Company and the Japanese Oriental Development Company have been asked to study the problem of investment in these various projects.

Bank of Chosen to Withdraw from Manchuria—Will Concentrate on North China

As a result of prolonged discussions between the Japanese military and the financiers in the four North-eastern provinces of China, it is decided that the Bank of Chosen will withdraw entirely from the Northeast. Hereafter the newly organized Hsin Yich Bank will shoulder the full responsibility for the economic development of the Northeast and to control the finances in the area.

The Bank of Chosen will enter into the field of economic development in North China. More bank notes will be issued by this bank for circulation in North China and capital investments will be made by the said bank to develop various industries in the area. A long term credit loan system for the Bank has been drawn up, which calls the investment of large sums of money to the development of mines and building of railways.

Rapid Development of Japanese Cotton Industry in North China

Rapid development has been made by the Japanese in the development of her cotton textile industry in North China. The following table (according to the *Shanghai Nippo*) shows the number of spindles and weaving machines in operation as well as those under installation.

Kung Ta Cotton Mill ...	Spindles 104,000,	Weav. machs. 1,000
Yu Ta Cotton Mill	Spindles 40,000	
Shanghai Spinning and Weaving Mill	Spindles 50,000 under installation	Weaving machines. 1,000
Yu Li Cotton Mill.....	Spindles 50,000 Ready by May	Weaving machines 1,000
Shuanshi Cotton Mill	Spindles 40,000 under installation	Weaving machines 1,000
Tangshan Cotton Mill....	Spindles 26,000	Weav. machs. 500 under installation

In addition the Takong, Kularsiki and Kishiwata cotton mills are building new plants in Tientsin.

Gen. Sun Chuan-fang's Personal Property Estimated to Be Over $20,000,000

Gen. Sun Chuan-fang, former warlord of Kiangsu, Anhwei, Chekiang, Fukien and Kiangsi Provinces, is reported to have left property of over $20,000,000. In addition to land and buildings which he bought in Tientsin and Peiping, the former warlord was said by Chinese news agencies to have millions of cash deposited in Japanese banks. The Chinese news agencies alleged that an amount of $7,000,000, had been deposited by Gen. Sun in the Bank of Chosen and the Yokohama Specie Bank some 10 years ago, and that the Japanese banks had refused to pay these sums to Gen. Sun's children.

The Shanghai Chamber of Commerce and the Bankers' Association were stated to be considering making a request to the National Government to take up the matter with the Japanese authorities and to demand the transfer of the money to the Chinese Government instead of the bogus East Hopei regime, as was reported would be done.

Japanese Banks Deny That Gen. Sun Chuan-fang Had Deposits With Them

Chinese accusations that two Japanese banks in Tientsin had misappropriated funds deposited with them by the late Gen. Sun Chuan-fang, were emphatically denied by Japanese circles in Tientsin May 14. The deceased Chinese warlord never deposited funds with the branches of the Yokohama Specie Bank and the Bank of Chosen, spokesmen for the two institutions said. "The late Gen. Sun never had an account with our bank, one of the spokesmen declared. The accusation is too ridiculous to be taken seriously. Had Gen. Sun deposited funds with us we would be compelled under Japanese law to hand them over to his lawful heir. Such damaging accusations can have but one purpose. They are aimed at besmirching our reputation."

According to a Chinese semi-official news agency report, Chinese banking circles in Nanking had "bluntly accused" the two Japanese institutions of withholding funds totalling $7,300,000 deposited with them by the late Gen. Sun. The Japanese banks were further alleged to have handed over the amount to the East Hopei Autonomous Government at the request of Yin Ju-keng and Col. Li Pao-chang, commander of the peace preservation corps in East Hopei, who was a close follower of the slain warlord.

Gen. Sun was shot and killed by Miss Shih Chien-chao at a Buddhist temple in Tientsin on Nov. 13, 1935.

Shansi to Execute 100 Opium Addicts

A Taiyuan message to the *Shun Pao* May 18 stated that about 100 opium addicts have been arrested by the authorities there. They were scheduled to be shot dead during the next few days.

Five Chinese drug peddlers were executed by shooting at the Tien Chiao (Peiping) May 12. They were Li Shu-chun, Yang Chan-fu, Tuan Tsung, Kuo Min-chi and Tsan Jui-shen, who had been found guilty of transporting heroin. The executions were carried out by the Headquarters of the Pacification Commissioner of Hopei and Chahar.

Liu Pao-shan, the notorious chief of a narcotic ring, who was engaged in large-scale drug trafficking in conjunction with a gang of "ronins," was executed in Taiyuan May 13.

Chinese Customs Inspectors Beaten by Smugglers in Tientsin

Two Customs inspectors and one policeman were badly beaten by more than 70 Japanese and Korean smugglers, when the former tried to confiscate smuggled goods on 10 trucks at Siying Gate Tientsin during the night of May 13. After beating the inspectors and policeman, these trucks were driven away, fully loaded with sugar and artificial silk. It is further reported that the two Customs inspectors were taken by the smugglers to the Japanese Concession later and were detained for two days. The inspectors were eventually released after strong protests from the Customs authorities.

Japanese Attempt to Smuggle 500,000 Copper Coins Out of Tientsin Is Frustrated

An attempt by Japanese to smuggle out 500,000 pieces of copper coins out of Tientsin was frustrated when the Customs inspectors confiscated them May 15.

Impeachment Proceedings Against Railway Officials Based on Laxity Concerning Smuggling

Impeachment proceedings are being instituted by the Control Yuan against Chen Chiao-sheng, Managing-Director of the Peiping-Liaoning Railway. Mr. Chen is charged with ignoring the orders of the Central authorities regarding the suppression of smuggling and obstructing Customs officers in the performance of their duties. The charges were first made by several newspapers, and were substantiated by investigations conducted by Chou Li-sheng, Control Yuan Commissioner for Hopei. The case will be referred to the Central Committee for the Disciplinary Punishment of Public Functionaries.

The Control Yuan has also despatched representatives to the North to investigate the alleged unauthorized sale of land and Government stocks of iron and steel to certain foreign nationals.

The Opium Menace in the Far East

BY FREDERICK T. MERRILL

(In "Foreign Policy Reports" March 1, 1937)

All countries in general and the United States in particular are vitally concerned with conditions in any section of the world which threaten the effective international and local control of narcotics. Broadly speaking, the narcotic control chain is as strong as its weakest link. The Bureau of Narcotics of the United States Treasury has become alarmed at the increasing quantities of drugs seized in this country which show evidence of having originated in the Orient. Consequently, it is the policy of the United States, as it has been in the past, to propose more effective measures for the international control of both the illicit drug traffic and the production of raw opium. Public opinion in the United States will surely demand consideration of the opium situation whenever any general conference is held by the nations interested in the Pacific area to discuss current problems. The Assembly of the League of Nations has proposed a conference for the limitation of raw opium, the preliminary committees of which are to meet in 1938. Meanwhile developments in China and Manchukuo are being closely watched.

The success of China's latest efforts to combat the opium problem, which are embodied in the "six year plan" for the suppression of opium, is dependent on the Nanking Government's ability to enforce its laws in general, its willingness to enforce the opium regulations in particular, its progress in reorienting its agricultural economy away from opium, and its readiness to eliminate opium revenue as a source of public and private income. Only a partial advance has been made, but apparently the Central Government is increasingly sincere in its efforts to eradicate opium. The campaign against drugs is a part of "the new life" movement, which is identified with the larger expressions of Chinese nationalism—unity of action and concerted resistance to further aggression by Japan. As this report goes to press, 70 drug addicts and peddlers in Kiangsu await execution as sentenced February 19, 1937. But action on the whole program of opium abolition will be more truly indicative of the strength of China's opium campaign. Twenty years ago China was able to suppress opium. If the Chinese government is again able and willing to curb opium cultivation and drug addiction, the result would have a most favorable reaction on public opinion in the United States. Moreover, it would have the additional effect of throwing into relief Japan's responsibility.

Japan's official apathy in controlling the illicit drug traffic of its nationals in Fukien, north China and Manchukuo is at variance with its successful suppression of the drug menace among its own people. Based on a system of "centralized control," Japanese police authority is notably effective. It thus seems incredible that Japan has made no progress in suppressing the drug traffic in those parts of China and Manchukuo over which it has *de facto* or *de jure* control. Because the Chinese people generally believe that the Japanese government encourages this traffic with the deliberate intention of weakening the Chinese race, hatred of Japan has become more bitter. That Japan is, to a great extent, responsible for and is wholly capable of cleaning up the drug situation in Manchukuo and north China is a belief held by many members of the Opium Advisory Committee and by world opinion at large. In the Twenty-first Session, June 1936, the Committee addressed an "earnest appeal to the Japanese Government . . . to take such action as may be necessary to provide penalties for the illicit traffic in narcotic drugs and for their manufacture likely to act as deterrents wherever Japanese jurisdiction extends." The words "without delay," were unsuccessfully urged to be appended on the ground that upon past performances no result would be obtained without it. As far back as 1929, the Japanese representative on the Advisory Committee, M. Sato, admitted that his government's inaction in dealing with the drug traffic was inexcusable. It seems that inaction has now become a policy, a continuance of which may well alienate any sympathy which exists in support of Japan's claims to be the guardian of the best interests of China and the cultural leader of Asia.

Tientsin as the Center for Opium Smuggling Into Shansi

Startling revelations were made by the *Ta Kung Pao* May 13 regarding the largescale smuggling of narcotics into Shansi Province, which, it states, is gaining momentum despite the efforts of the provincial authorities to check the contraband.

A special message received by said journal from Taiyuan stated that the smuggling is well organized, financed and protected and has created one of the most serious problems for the provincial officials.

The ringleaders operate from a "certain foreign" concession in Tientsin where the drugs are manufactured. Large numbers of gangsters and unruly elements are engaged at $20 and $30 salaries to transport the drugs into Shansi. If the contraband is safely delivered the trafficker is given 30 per cent of the proceeds netted from the sales and a much larger commission is given if the shipment is bigger.

Most of these smugglers, after having obtained their goods, engage motor trucks or boats and ship their consignment to Paoting, in southern Hopei. From there they are put on the through trains going into Shansi Province.

The traffickers are well-dressed and travel in first and second class coaches. When questioned by inspectors they claim to be managers of certain foreign firms or companies in Tientsin. After they enter Shansi their movements are very secret. They are willing to spend much money in getting loafers to protect them and their contraband, and it is chiefly for this reason that the anti-drug officers have not been able to effectively check their movements.

Many corrupt merchants in the Yutse district have organized a joint company to handle the sales of the drugs. Formerly the price of powdered drugs was $60 per ounce but with the large shipments received the figures have dropped to around $10 per ounce. This has encouraged many farmers and young people to take to the habit.

400 Opium Addicts Turned Over to Chinese Authorities in Tientsin

Over 400 opium addicts arrested by the Japanese authorities in the Japanese Concession in Tientsin were turned over to the Chinese authorities last week. This action followed reports circulated in the newspapers to the effect that the Japanese authorities had thrown opium addicts into the Hai Ho. The Japanese authorities, started on May 11 to round up opium addicts and turn them to the Chinese authorities.

Mystery of the Floating Corpses at Tientsin Still Not Solved

While the Tientsin police are exerting every effort to solve the mystery of the "floating corpses," another body was found floating in the lower reaches of the Hai Ho at noon May 11. Up to date more than 120 corpses have been discovered. In view of the fact that not all of them were drug addicts, doubts have arisen whether death was not due to other causes.

Japanese consular officials in Tientsin, May 14 threatened to file strong representations with the Chinese authorities unless vigorous steps are taken to investigate what the local papers described as "The Case of Floating Corpses." The warning was issued as the Chinese press continued to charge that the 200 bodies found floating in the Hai Ho belonged to drug fiends and were tossed into the river from the Japanese Concession.

This accusation, the officials said, is "altogether unfounded and highly misleading." Corpses, they stated, are found in the Hai Ho every year. Last Spring, according to the Japanese contention Chinese rumor-mongers charged that the bodies belonged to coolies engaged in building Japanese fortifications. The men, according to said charges, were killed by the Japanese Army in order to prevent a leakage of information regarding the secret forts. Recently the officials declared, the Japanese Consular Police in the Tientsin area had been rounding up on an average 100 morphine addicts a day and turning them to the Chinese authorities. The latter, however, the officials asserted, could not provide sufficient accomodation for these men and many of them later again crept into the Japanese Concession. A Chinese coroner's report, the Japanese officials said, showed that of the 94 corpses found in the river between May 5 and 11, only 4 exhibited signs of poison and three others had wounds. Most of the remaining bodies showed no injuries. Only ten of the 94 corpses were clothed.

Origin of Corpses Believed Traceable to Japanese

Writing in the *China Press* May 18 Jack Belden said the origin of the scores of dead men in the river is believed to be the Japanese Concession. Bloated bodies, lying face down in a dead man's float, every day of the week are floating for more than a mile down the river, past boats, past shore spectators, under bridges, unheeded and unattended to until they reach a spot near the ex-German and ex-Belgian Concessions where they are picked up by a charitable institution or the police. Furtive figures are nightly dumping corpses into the river. Some of these bodies are alive when they are thrown into the water. Almost 100 bodies have been taken from the Hai Ho in the past month. Some of the corpses show signs of narcotic addiction, some of them do not. They are never identified.

The Tientsin community, especially police officials and newspapermen who have been the corpses, are almost unanimous in thinking that the Japanese are in some way connected with the mysterious presence of the corpses in the river.

It is no secret that the Japanese Concession is honeycombed with narcotic establishments operating under the protection of the Japanese. There are at least 70 known drug dens in the Concession and probably many more exist. Many Korean-run narcotic establishments are know as "Yang Hong." The two characters are 行洋, mean "foreign firm" and they are generally to be found on the front of firms dealing in exports and imports, but the Japanese have given the name a new and sinister meaning.

On the morning when most of Tientsin was watching the coronation proceedings in the British Concession, this correspondent went down to the border between the French Concession and the Japanese Concession. Here there is a street lined with the well-known Yang Hong. Taken over by Japanese citizens or by Chinese backed with Japanese money, the windows of these former shops have been painted dark greens, blacks and browns so that passers-by may not look through into the business that is going on inside. A watch on the coolies going in and out of these shops for over an hour, showed that the procedure was almost the same. A ricsha puller would lay down his shafts, enter the shop and a few minutes later come out with a tiny package in his hand. He would then take a cigaret and shake out the tobacco in one end and pour the white powder into the empty end of the cigaret. Then he would tilt the cigaret into the air, throw back his head and light up. He smokes with his head slanting back so that the drug will not fall out. The common sight of coolies standing on the street in this manner has given rise to a new slang expression descriptive of this type of smoking. It is called "anti-air-craft smoking" after the fashion in which the smoker points the cigaret into the air. A small quantity of heroin mixed with a white powder sells from 10 to 20 cents in these shops. Business is good for the seller for he depends on numerous sales rather than on one big lucrative sale. The effect on the smoker, however, can be readily imagined.

Unfortunately, the floating corpse mystery cannot be dismissed with the statement that all of the dead bodies taken from the river are those of drug addicts who were thrown out of narcotic dens. Many of the bodies, probably a majority of them, show no signs of drug addiction.

General Sung Cheh-yuan, Chairman of the Hopei-Chahar Political Council, has announced that he will give $5,000 to anyone who could supply information leading to the solution of the case.

Japanese Arrest American-Educated Korean as Revolutionary Agitator

Pursuing their relentless campaign against alleged Korean revolutionaries, the Japanese Consular Police here are examining Jusan Cho, 52, long identified with irridentist activities, the *Shanghai Mainichi* said May 14. A graduate of an American university, the Japanese daily continued, Cho, at one time, taught at a Chinese school. He is regarded by the Japanese authorities as one of the leading theorists of the Korean independence movement in China and is understood to have devoted his activities more to the cultural side than to the terroristic acts.

Simultaneously, the *Mainichi* stated that two out of five men convicted of having engaged in the terrorist campaign of the "Fierce Blood Band," a Korean revolutionary organization in China, were recently sentenced to death by the Kokaido District Court. All five were arrested in a series of raids in Shanghai on March 4 and 5 last year. Sent to Korea to stand trial, they faced the court in five sessions from March 19 to April 16 this year. The other three were sentenced to terms of hard labor ranging from five to three years. Another Korean who was injured while allegedly manufacturing a bomb in the French concession was also sentenced to a term of four years in prison.

Koreans Allegedly Attack Narcotics Squad in Shanghai

Charged with having attacked, together with other Koreans, a Chinese narcotics squad operative on Sunday, Ryjun Ri, 23, was being detained this week by the Japanese Consular Police. The Korean was charged by the Chinese authorities with having led an attack on Li Teh-san, a plain-clothes detective attached to the Narcotics Section of the Chinese Bureau of Police, as the latter was shadowing a suspected addict.

Li suffered contusions on the left forehead and the right cheek and was bruised about the mouth and legs, according to Japanese doctors at the Foomin Hospital where he received first aid, the Shanghai *Mainichi* reported. He was expected to recover in two weeks, according to the Japanese daily. The attack on the detective culminated a three-day campaign against drug peddlers in the Northern Outside Road district launched by the Shanghai Bureau of Police.

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QUAKER OATS RICH IN NATURE'S TONIC VITAMIN for bracing-up Digestion, Nerves and Appetite

Shanghai's Second Better Homes Exhibition Will Open May 28

The second Better Homes and Chinese Industries Exhibition—sponsored by Millington, Limited and the Federation of Chinese Industries—will be thrown open to the public of Shanghai on the morning of May 28, when Acting-Mayor O. K. Yui of Shanghai will declare it officially open. The exhibition, which will be located on the stands of the Shanghai Race Club, will continue three weeks.

In addition to prosaic exhibitions, a feature of the exhibition will be a "Hell Drivers" show which is brought here from the Chicago World's Fair, where it proved to be one of the greatest attractions. "Hell Drivers," which will be on for 12 days during the run of the exhibition, will consist of a series of daring displays and "stunts" performed with stock cars supplied by Mark L. Moody and China Motors.

Shantung Mission of Presbyterian Church Celebrates 57th Anniversary

The Shantung Mission of the Presbyterian Church concurrently celebrated its 57th anniversary and the centennial of the founding of the Presbyterian Board of Foreign Missions in Tsinan during the week from May 5 to 12. The mission work was started in 1861 in Tengchow. It has since spread throughout the province with the result that ten stations have been opened and a large variety of work developed. One hundred and twenty missionaries are on its rolls, making it the largest of its denomination in China.

At the recent anniversary meeting many fraternal delegates from sister missions and missions of the same denomination gathered to convey their congratulations, and many words of gratitude were expressed for the help which the Presbyterian Mission and missionaries had given to their missions when they first began work in the province.

Shanghai as an Occasional Visitor Sees It

BY C. Y. W. MENG 孟昭洙

SHANGHAI is said to be one of the most cosmopolitan cities in the world. It takes the lead, among the trading ports in China, in China's foreign trade. It is the financial center where loans and other financial transactions are negotiated, and government bonds are sold to the bankers. It is ranked as the sixth great city in the world, so far as the volume of foreign trade, shipping, tonnage, etc. are concerned. And so on.

I admit all this, but my sojourn in Shanghai during the Coronation celebrations (May 11-14) together with my past study and observations of Shanghai convinces me that Shanghai is one of the most evil cities in the world, and one of the most demoralizing cities in China; and its continued existence, under the present administrative system (at present there are three administrations in Shanghai, namely, the International Settlement, French Concession and the Municipality of Greater Shanghai), constitutes a great hindrance to Chinese national rejuvention—let me emphasize this point!

When the National Government decides to take back the foreign settlements or concessions in China, I hope it will start with Shanghai. No city in the world has so dominated the existence of a nation—politically and socially—as Shanghai has China, which is now striving towards national revival. But some fundamental changes in the present status of Shanghai, and improvement of the present conditions in Shanghai are more than imperative to the Chinese national recovery.

Today, if we travel to every city in China, we witness the many activities of the "New Life Movement," and we can see many hopeful signs of the national revival under government direction and encouragement. Alone in Shanghai there are no such activities, nor any signs of them in evidence. Instead of living in a simpler life, as is urged by the New Life Movement, the Shanghai people live in such a luxurious manner as to make every outside visitor believe that there is no poverty in China, and that the productive power of the Chinese must be much higher than he was led to believe. Instead of taking up more activities in the national recovery, the Shanghai people spend so much of their time and money in pleasure and amusements as to make every outside visitor conclude that there is no national crisis in China at all!

Whenever China wants to enforce her laws or regulations in Shanghai, which, as a sovereign state, she has every right to do, China meets many difficulties and much opposition from the foreign authorities in Shanghai. Even up to now, as I am told, the enforcement of the Factory Inspection Act in the International Settlement is still a pending problem. As everyone knows, such an Act is enforced for the protection and improvement of the welfare of many thousands of Chinese laborers, and such an Act is in force in every country in the world. I can not see why the authorities of the International Settlement do not agree to the enforcement, except that Shanghai is *an empire within an empire*, which disregards Chinese sovereign rights. Similarily, the Chinese authorities experience the same difficulties regarding the collection of income taxes in the International Settlement.

"A City of a Million Lights," But Not on the Chinese National Day!

Shanghai was a city of a million lights, as large local buildings everywhere vied with each other in displaying the most intricate and colorful Coronation illuminations. While thousands crowded the stands of the Shanghai Race Club to witness the Coronation Eve tattoo, a crowd estimated at more than 100,000 persons unable to see anything, but apparently satisfied with other noise emanating from the Race Course, jammed the sidewalks of Bubbling Well, Yu Ya Ching and Mohawk Roads. Thousands more crowded the tops of buildings surrounding the Race Course.

Such was the big crowd—98% of which were Chinese—which Shanghai turned out to greet a *foreign* sovereign and his queen. What strikes and surprises me most is that when I was in Shanghai during the last Chinese National Day (October 10) and the Chinese New Year days, I did not see such big and enthusiastic crowds or such illuminations as I witnessed this time on the occasion of the British Coronation.

S.M.C. Police Again!

Both on May 11 and May 12, quite a number of "incidents" took place when the S.M.C. (Shanghai Municipal Council) police clashed with the Chinese crowd. According to the report in the *China Press*, the coronation pageant was marred on May 11 by a serious riot in which 23 persons, including three women, were injured when a mob attacked the police and when police batons lashed out against the surging, angry mob. On the next day, S.M.C. police again clashed with the Chinese crowd on Nanking Road. Seven persons were injured as police batons were wielded, and one boy was seriously hurt. The *China Press* of May 13 had the following to report:—

> "Unlike the incident on the previous night, when some 23 persons were hurt, the affair last night (May 12) was not provoked by a mob attack on police . . . . The men were injured when police in an attempt to clear the crowd off Nanking Road, wielded their sticks on the closely-packed men, women and children . . . One of the injured persons, a boy of about 15 years of age, suffered a serious head injury . . . He was lying unconscious at the St. Luke's Hospital . . ."

The *China Press* further pointed out that "officers of the Louza Police Station in whose district the bloody affair occurred, refused to reveal what it was that prompted the police to use clubs on the crowd, but they admitted that *there was no riot, or rather they had heard of none.*" In concluding, the paper saids: "The 'strong-armed' methods used by the Settlement Police in handling the crowd, which had resulted in injuries to 30 persons, aroused considerable adverse comment in the local Chinese community . . ."

In the past, there has been much discussion and adverse criticism about the S.M.C. police. But as I see it, the wrong lies in the fact that the S.M.C. Police Department employs too few Chinese, and too many Europeans, Japanese and Indians as policemen and officials; this is the real cause for the frequent occurrence of many "incidents," "bloody affairs," etc. in the International Settlement. These Europeans, Japanese and Indians are not all educated people in their native land, and they probably never attended police schools in their own countries.

Worst of all, many of them can not speak a single word of Chinese, not to mention a knowledge of Chinese customs. What they do know is to use batons to deal with the Chinese; and what they believe is that the Chinese are an "inferior race," and as such they should be treated with batons. So when they come into contact with the Chinese crowd, there is no doubt that many misunderstandings, due to inability to speak and communicate with each other, occur; and such misunderstandings lead to many undesirable incidents. Many of the incidents, which could be obviated if the police and officials could speak Chinese, could communicate with the Chinese, and could explain to the Chinese crowd in a more mild manner, are thus allowed to develop into bloody affairs. The killing of the Chinese on Nanking Road on May 30, 1925, was apparently due principally to these misunderstandings, plus the "strong-armed" methods of the police.

Beside the police, the Police Department also maintains the so-called "units," principally Russian Units, aside from the S.V.C. (Shanghai Volunteer Corps). But again, none of these people can understand or speak Chinese. In other words, both the International Settlement and French Concession employ too many constabularies of their own nationalities, and entrust them with duties to keep order and peace among the Chinese, with whom they never had any contact before. As I see it, unless some improvement is made in the S.M.C. police, more "incidents" and "bloody affairs" are bound to occur in the future.

The Criminal and Loafer Element in Shanghai

Regarding Tattoo night. The *North-China Daily News* reported that "The District Court has been busy with numerous cases." When these cases are studied, they are largely found to be attempts at robbery, rape, blackmail of young girls, etc.

In one case, a Chinese girl, aged 20, riding in a ricsha at the corner of Kiukiang and Yu Ya Ching Roads, was stopped by over ten men of the loafer class, who overturned the vehicle. Thrown to the ground, the girl was not only robbed of her watch and a handbag, but almost denuded, as her clothes were torn off by them. Another girl was suddenly surrounded by over ten hooligans, and was actually carried into an alleyway when police came to her rescue.

Chicago was certainly more crowded when the Exhibition of the Century of Progress took place; Berlin was certainly more crowded when the World Olympia took place, and London was certainly far more crowded when the Coronation took place. But no such crimes were reported there.

Dancing Halls, Massage-Bath-Mouses, Etc.

The dance halls in Nanking were ordered to be closed, and dancing in the International Club in Nanking is permitted only under strict regulations, for no other reason, than that it is contrary to the public morale. But it is not so in Shanghai. The dance halls, massage-bath-houses, etc. in Shanghai spring up like bamboo-shoots after the spring rain, where the young men and girls may dance from one o'clock in the afternoon to mid-night. Usually, one dollar will buy three tickets for 3 or 5-minute dances. The people entering the dance halls frequently spend ten dollars or more. One of my friends, an old Shanghai resident, asked me not to be surprised to see young people spending their money so extravagently in the dance halls. "These people who go to dance halls are not necessarily all rich people; many of them get their money by borrowing or by pawning their belongings at the pawn-shops."

The so called massage-bath-houses are nothing but disguised prostitution establishments where every immorality is practiced. These establishments can be found in every corner of the International Settlement and the French Concession. That

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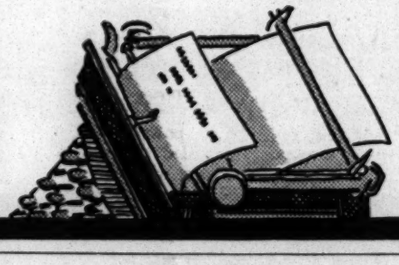

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these dance halls and massage-bath-houses, etc. have great demoralizing effects upon the Chinese younger generations goes without saying. The situation is made worse due to absence of strict regulations and government control.

With exception of Peiping, Shanghai leads among the cities in China having the greatest number of universities, colleges, technical institutions and high schools. But what disappoints me most is that Shanghai does not produce any scholars and scientists, as it should; but it has produced many pleasure-seekers and *taipans* (managers for the foreign firms) type of people. Shanghai should not be selected as the location for educational institutions.

As I see it, so long as Shanghai is not brought completely under Chinese administration and control, any attempt on the part of the National Government to suppress opium smoking and the opium traffic will never be a success.

The Many Sky-Scrapers—The Park Hotel

I also visited the Park Hotel opposite the Race Course. This Hotel now ranks as one of the first-class hotels in Shanghai. It is owned by Chinese. (It is said that some of Government officials are share-holders in the hotel). I found that the standard of living in the said hotel is extremely high; and when it is compared with the low level of the Chinese living standard and the present poor productive power of the Chinese masses, the difference is "from Heaven to the earth" (a Chinese proverb)! I really can not understand why the Chinese do not invest their capital elsewhere and in far more productive industries (such as mining and shipping industries), which would contribute to the welfare of the nation rather than in such an enterprise, which does no good other than to beautify Shanghai and to make it more and more like "an empty shell" (a Chinese proverb)—rich and beautiful in appearance but very poor and bankrupt inside!

I went to the Bund, and found another sky-scraper—the building of the Bank of China—which is now under construction at a cost of several millions of dollars.

One of the principles advocated by our late leader Dr. Sun Yat-sen is "to regulate the movement of capital" (節制資本), the purpose, obviously, being to invest the capital in more productive enterprises. It strikes me that this sound principle is not being put into effect. During these days when so many constructive projects have to be carried out, it is only natural that the Government should enforce more strict regulations governing the movement of capital; and it is equally natural that all patriotic Chinese should invest their capital in enterprises which have to do with national recovery, rather in the construction of buildings in Shanghai or Nanking. Why not invest the capital in railway constructions in the country, or in the development of the North-West—China's great future! As I see it, Shanghai is not a good and safe place for investment!

The "Little Tokyo" in Embryo

As I see it, the Japanese people are probably the only people in the foreign community in Shanghai who predict and realize that China will soon attempt—possibly desperately—to change the present *status quo* of Shanghai in the near future, thus to remove one of the greatest obstacles towards national recovery; and the Japanese are also fully aware that it has already become the Chinese policy to shift the center of Shanghai from the International Settlement first to the Civic Center (Kiangwan), and then possibly to Nanking; and the Japanese are taking all necessary steps to meet such eventuality. The underlying motive of the Japanese opposition against control of the "outside roads" by the Chinese lies in their ambition to convert the present Hongkew District into a "Japanese Concession" or a "Tittle Tokyo" in Shanghai, so that when the International Settlement and French Concession are taken back by the Chinese, the Japanese Concession in Shanghai will remain in existence. Such is, as I see it, what the Japanese are planning. But I hope our learned Mayor of Greater Shanghai will be wide-awake enough to discover the insidious motives of the Japanese, and adopt a more firm attitude on the Outside Roads Issue.

Nanking, May 16, 1937.

National Committee Y.M.C.A. Launches Drive to Raise $31,000

The National Committee Y.M.C.A. has launched a nation-wide campaign for $31,000 to cover part of this year's expenditures. The National Committee Y.M.C.A. includes 155 Y.M.C.A. organizations in China, including 40 city associations and 115 student groups. The National Committee, whose headquarters are at 131 Museum Road, Shanghai, assists and coordinates the various associations in their work and trains Y.M.C.A. workers.

In addition to its usual program, the National Committee also plans to broaden its program this year, especially in a five-fold youth service program and the youth and religion movement. The Y.M.C.A. will inaugurate this year a program of mass education through the use of still films. Various educational material will be photographed on non-inflammable film and will be distributed among various groups to be shown to the masses.

The aim of the five-fold youth service program is to organize patriotic and public-spirited youths to help raise the moral and intellectual level of the masses so that they may be better able to meet any national emergency.

Cotton Trading Company Increases Capital by $8,000,000

At its meeting on May 12, the management of the China Cotton Trading Company decided to increase its capital from $2,000,000 to $10,000,000. It is reported that the Bank of Communications has decided to subscribe to $3,000,000 worth of the increased capital while the Kincheng Banking Corporation, the China and South Sea Bank, the China Development Finance Corporation, and the Chekiang Industrial Bank will subscribe for the remaining additional shares.

C. P. C. Approves Huge Sum for Reconstruction

The sum of $70,000,000 for reconstruction work in the coming year was approved by the Central Political Council at its meeting in Nanking, May 12. In addition to this, more than $6,800,000 will be allotted for the enforcement of education projects, while an increase will be also enforced in other government expenditures, including party affairs, military subsidy, communications, etc.

National Economic Council to Organize Two Companies to Develop Yangtsze Region

With the permission of the National Government, the National Economic Council is planning to organize two companies for the development of electricity works along the Yangtsze ports and to open mines and build roads in the area. These two companies are to be known as the Yangtsze Electric Company and the Hweinan Mining Company. Shares of the companies will be offered for sale to the general public, as soon as the preliminary arrangements for the organization of these two companies have been completed.

Gold Deposits Found Near Former Red Capital in Kiangsi

A gold rush is reported at Shunking, the former Red capital in Kiangsi Province. Gold deposits have been discovered in the area. Thousands of people are rushing to the district daily, according to a report in the *Sin Wen Pao*, May 13.

Chinese Shipping Companies Have Prosperous Year

The Min Sen Shipping Company made a net profit of $2,000,000 in the past year, while the San Peh Shipping Company made a net profit of $1,800,000 and the China Merchants Steam Navigation Company a profit of $900,000. Other small shipping companies, such as the Ta Dah Shipping company made a profit of $200,000, the *Shanghai Mainichi* of May 14 stated.

Foochow Merchants Go on "Sit-Down" Strike

Angered by a new increase in the business tax decreed by the Fukien Provincial Government merchants in Foochow May 14 declared a "sit down" strike. The traders charged that the new increase would mean a four-fold increase in the tax.

Shantung Provisional Government to Establish Cotton Mill

Plans have been made by the Shantung Provincial Government for the establishment of a new cotton mill in the province. The mill will be a semi-official enterprise with a capital of $3,000,000. Officials have been despatched to Nanking and Shanghai to interest industrial and banking circles in the project.

Shanghai Bankers to Develop Szechuen

During his recent visit to Shanghai, Kan Sou-yung, member of the Szechuen Provincial Government, arranged with a number of banks here to invest money in Szechuen for the development of light industry in West China. It is reported that the Shanghai banks will supply the necessary capital while the management of the factories will be taken care of by the Szechuen Provincial Government and the Szechuen industrialists. The arrangement will be carried out in the near future, when Mr. Kan returns from Chengtu, where he is conferring with Gen. Liu Hsiang, chairman of the Szechuen Provincial Government regarding his negotiations in Shanghai.

National Economic Council to Build Linen Factory

In addition to its plan of organizing cotton mills, the National Economic Council will establish a linen weaving factory. The factory to be capitalized at $10,000,000 will be managed by the National Economic Council and the various hemp producing provinces. Well-informed circles state that the hemp producing provinces will subscribe to half of the total amount of capital of the factory while the remaining half will be subscribed by the National Economic Council and the Shanghai banks.

Rehabilitation of Kwangtung Finance Pushed by Gen. Wu Te-chen

Plans have been formulated by Gen. Wu Te-chen, chairman of the Kwangtung Provincial Government to rehabilitate the Kwangtung finances with the support of the Central Government. It is expected that these plans will be adopted by the Central Government after the arrival of Gen. Wu in Nanking. According to Kwangtung financial circles, the Central Government is ready to withdraw the "small money" in Kwangtung at an exchange rate of one legal tender note for one dollar and fifty cents of the "small money." While the Kwangtung financial leaders are of the opinion that one legal tender note should only exchange for one dollar and twenty cents of the "small money." It is expected that this difference of opinion will be solved by Gen. Wu in Nanking.

Railway Engineering Conference Ends Five-Days Session in Nanking

After five days' deliberations, the Railway Technical and Engineering Conference (*Kung-Wu Chi-Wu Tao-Lun Hui*), convened by Ministry of Railways, was formally closed in Nanking May 14. Dr. Yen Te-ching, Acting Administrative Vice-Minister of Railways, announced that 87 resolutions were adopted by the conference. He urged the various officials present to redouble their efforts for their enforcement. The various members attending the conference inspected the railways in Shanghai and Hangchow as well as the Railway bridge over the Chientang River this week.

Five-Million Dollar Loan to Be Raised to Build Shansi-Suiyuan Railway

Negotiations for a $5,000,000 loan for the construction of a Shansi-Suiyuan Railway are being conducted between representatives of General Yen Hsi-shan, Director of the Taiyuan Pacification Headquarters, and the Central Bank of China, the Bank of China and the Bank of Communications. The loan will be secured on the assets of the Tatung-Puchow Railway. The projected line will start from Shohsien station, on the Tatung-Puchow Railway in northern Shansi, and terminate at Kweihua, provincial capital of Suiyuan, where it will link up with the Peiping-Suiyuan Railway.

Joint Railway and Highway Transportation to Be Provided

With the extension of the Lung-Hai Railway westwards to Paoki, western Shensi, arrangements are being made between the National North-western Highway Bureau and the Railway authorities for the operation of through transportation on the Sian-Lanchow National Highway and the Railway. Similar arrangements will also be made between the Lung-Hai Railway and the Szechuan-Shensi Inter-provincial Highway.

Netherlands East Indies Allegedly Favor Japanese Trade at Expense of Chinese

The Ministry of Industry at Nanking is stated to be showing deep concern over a recent report that negotiations are proceeding between Japan and the Netherlands East Indies for the readjustment of their trade relations at the expense of Chinese interests. The report says that a trade agreement will soon be concluded between the two parties, whereby Japan will place heavy orders for sugar, and, in return, the Dutch colonial authorities will restrict the importation of Chinese goods, thus leaving more room for Japanese products.

Japan, it has allegedly been agreed, will dump Formosan sugar in the Chinese market after Netherlands sugar has been withdrawn in order exclusively to meet Japan's demand. This understanding, it is stated, came as a result of the recent visit to the Netherlands East Indies of S. Kuwashima, until recently director of the East Asiatic Bureau of the Gaimusho.

The reported agreement, it was pointed out by a spokesman of the Ministry of Industries, represents a retreat of the colonial authorities in the face of Japan's southward policy. It shows, on the one hand, the failure of the colonial authorities to enforce the quota system for import of Japanese goods to Netherlands East Indies and, on the other, the formidable effect of the smuggling in China on the legitimate trade of other nations. If the trade agreement becomes effective, its Chinese goods will lose a part of their market in the Netherlands colony. Adverse effects would thus be caused to the business enterprises of Chinese residents there, whose toil and industry have been mainly responsible for the present prosperity of the colony.

Head Office of Native Goods Joint Operation Corporation Opened in Shanghai

The head office of the China Native Goods Joint Operation Corporation in Shanghai May 17 was opened at 224 Tientsin Road. Wu Ting-chang, Minister of Industry, in an address to the staff, said that the Corporation is a joint Government-private enterprise, the aim of the Government being to promote the sale of native goods.

Nanking Public Works Bureau to Build Huge Municipal Stadium

Plans have been perfected by the Bureau of Public Works in Nanking for the construction of the First Municipal Stadium on a 60-mow plot outside Han Hsi Men in the West City. To be completed next year, the stadium boasts a 400-meter track, within which will be a soccer field and a special section for field events, a gymnasium with an indoor basketball court, a swimming pool, a public bath house, and several volleyball, basketball and tennis courts. There will also be two handball grounds, one Chinese boxing arena, one children's playground, and one administration building with offices, a pingpong room, a billiard room and a newspaper reading room.

A Briton's Explanation of King Edward's Abdication

(By Harold J. Laski, well-known English writer in The Nation, N. Y., Dec. 19)

At the week-end it looked as though the possible abdication of the King might be attended by grave consequences. There were some signs in London of mass emotion. The millionaire press was hinting that the Cabinet was trying to force King Edward from the throne because of his supposed liberal views. Mr. Churchill and the fascists were, it appeared, threatening to form a party of the King's friends. Some left-wing opinion was urging the Labor Party to use the opportunity to attain office, win a general election on a wave of sentiment, and drive through a socialist program.

All opposition to the abdication collapsed by Tuesday night. This, I think, was due to a number of reasons. (1) The idea of a morganatic marriage was everywhere unpopular and did grave harm to King Edward's popularity. (2) The unity of the dominions with the Cabinet's view immediately strengthened its hands. (3) The opinion grew rapidly among labor that a King's victory would mean sooner or later a reassertion of his independent power in politics that would make him a tool in the worst kind of Tory hands. (4) The solid press, especially in the provinces, was overwhelmingly on Mr. Baldwin's side in regarding the marriage with Mrs. Simpson as impossible. (5) The King's allies, especially Sir Oswald Mosley, did him great harm. It was felt that dark forces were irresponsibly seeking to exploit his prestige for their own ends. By Thursday the nation was not only prepared for abdication; it was ready to accept it as the best way out of the situation, for any alternative, unless the King renounced marriage with Mrs. Simpson, would sooner or later have raised the issue of King versus Parliament. No one except the fascists wanted that issue raised.

The abdication is above all the assertion of the principles (1) that the King must act on the advice of his ministers; (2) that the place where issues of policy are decided is and must be the House of Commons. By reason of these the result is an important blow to those who sought to get this issue decided by non-parliamentary action.

But there is no doubt that it has done serious damage to the monarchy. For the first time in sixty years the validity of the monarchical principle itself is being widely discussed. That is a novel departure in English life. It is clear, also, that the abdication removes a great deal of the prestige from the throne. This has been emphasized by the wide sense of royal irresponsibility in the matter. People have seen through the magic which screens the throne as they have not done since the time of George IV, and the wholesale indignation of the Tories at the very idea of marriage with Mrs. Simpson has shown the man in the street that in fact the roots of the system are far more fragile than he had been led to suppose. As always when a mystery comes into the public view it is quickly discovered that it is not a mystery at all.

I do not believe the theory that conservatism forced Mr. Baldwin to get rid of the King for fear that he would prove an inconvenient radical influence. I believe it profoundly disliked the marriage, in part for snobbish reasons; but what determined the national attitude lay much deeper than the marriage itself.

On the whole the effects of the change will be good. The palace will resume its normal dulness. Exploitation of the crown will be more difficult. That is something for which labor can be grateful. It is clear too that fascist influences cannot use the prestige of monarchy as an instrument in their hands. The country will go on as if nothing vital had occurred, for the one certain thing is that King Edward will not be able—if he were inclined—to form a Jacobite movement.

Duke of Windsor and Mrs. Wallis Simpson to Be Married June 3

Messages from London this week stated that the wedding of the Duke of Windsor and Mrs. Wallis Warfield Simpson will take place in France June 3. The other members of the Royal Family have granted an allowance to the Duke, which together with his own resoures, will ensure him an annual income of the equivalent of about half a million Chinese dollars.

Northern Group of Motor-Bus Expedition Is Greeted at Chengtu

The northern route group of the Nanking-Yunnan Motor-Bus Expedition, headed by Dr. Wu Lien-te, Director of the National Quarantine Service, was received at Chengtu May 18 by General Liu Hsiang, Chairman of the Szechuan Provincial Government, who gave them detailed information regarding the work of provincial reconstruction and drought relief in Szechuen.

Dr. Wu Lien-te expressed gratification over the rapid progress which the Provincial Government has achieved in local reconstruction. He promised to report the actual situation in Szechuen to the Central authorities.

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Japanese Press Says Soviets Are "As Uncompromising as Ever"

Noting the return to Moscow last week of Constantin Yureneff, former Soviet Minister to Japan, the Japanese press stated that little progress has been made, despite mutual agreement that speedy improvement and stabilization of relations between Japan and Russia is desirable. The U.S.S.R. is declared to be "as uncompromising as ever, showing absolutely no change in its attitude, with the result that there seems no hope of arriving at an agreement on fundamental principles." The general impression is that relations between Russia, on the one hand, and Japan, on the other, are growing steadily worse, largely because the Soviets feel, firstly, that their military position is very strong; secondly, that Japan's attitude gives no really concrete promise that negotiations on the vexed border issue will lead to a satisfactory settlement, and, thirdly, that the Japan-German anti-Comintern pact forms an insuperable obstacle to really friendly relations. The Soviet authorities, it is understood, have recently been perturbed by the alleged harsh treatment of Soviet nationals in Manchuria.

"Soviet-Japan Problems Can Be Solved Peacefully"—Yureneff

"There is no Soviet-Japanese problem that cannot be solved by peaceful negotiations," Constantin Yureneff, the retiring Soviet Ambassador, told *Domei* May 15 on his departure for Moscow.

G. P. U. Allegedly Puts Pressure on Japanese in Vladivostok

Ever-growing pressure on Japanese residents and the Consulate-General in Vladivostok by the G.P.U. is reported by the *Kokutsu News Agency*. The Consulate-General, the agency alleged, has difficulty in employing Chinese, Japanese or Koreans, while the Soviet nationals hired by the establishment "disappear within ten days."

Hsinking Protests Alleged Soviet Attack

The Manchukuo Government May 17 filed a vigorous protest with the Soviet authorities against the alleged kidnaping of five Manchurians by Russian border guards at Pienlinshan, on the Amur River, on May 15. A Soviet patrol, the protest charged, crossed the River from Blagoveschensk, fired on the five Manchukuoans and later took the latter across the border.

Details Concerning Soviet Navy in Far East Contained in Japanese Memorandum

Interesting details concerning the Soviet Russian naval forces in the Far East were contained in a memorandum on Japan's naval policy published by the Japanese Admiralty, according to a report in the London *Morning Post* May 11. The memorandum estimates that a large force of Soviet Russian submarines and upwards of one hundred Soviet Russian torpedo-boats are in Far Eastern waters and goes on to stress the importance of the development of Russia's northern shipping route to the Far East as well as the construction of numerous ice-breakers.

These developments, says the memorandum will, entitle the Soviet Russian Far Eastern fleet to be constantly strengthened during the greater part of the year by reinforcements from European Russia so that the prospect for Japan being able to defeat the Russian fleet as decisively as in the Russo-Japanese War early this century is continuously diminishing.

Both Britain and the United States are building new naval bases in the Pacific Ocean and it is necessary for Japan to strengthen its own forces in such a manner that any attempt on the part of either of the parties making an attempt to disturb the peace in the Far East shall be condemned to failure.

Supreme Organ of Soviet Russia to Be Elected by Universal, Secret Ballot

Recent mail advices from Moscow stated that within a few months the peoples of the Soviet Union will elect the highest organ of the state power—the Supreme Soviet of the U.S.S.R. on the basis of universal, equal, direct and secret ballot. The new Constitution (according to *Tass*) devotes special attention to the organization of the supreme organ of State power from the viewpoint of ensuring the rights and interests of all toilers and particularly the specific interests of the toilers of each nationality.

In accordance with the Constitution, deputies to the Soviet of the Union are elected on the basis of one deputy to every 300,000 of the population and to the Soviet of Nationalities on the basis of 25 deputies from each of the 11 Union Republics, 5 deputies from each of the 9 Autonomous Republics, 5 deputies from each of the 9 Autonomous Regions, and one deputy from each of the 9 National Areas. Thus the number of deputies to the Soviet of Nationalities will be increased almost four times as compared with the present status.

Organization of Trade Unions Revised Under New Constitution

The organization of trade unions in the Soviet Union has been entirely revised on the basis of the new Constitution. Five prominent Trotskyist labor leaders were arrested in Moscow this week on a charge of "bureaucratic mismanagement, embezzling of millions of State funds and sabotaging work for the protection of labor." The new regulations forbid the appointment of Union officials and provide democratic elections to establish the control, by members, of all activities of officials.

Newly Created Military Councils Invested with Extraordinary Powers

The newly created military councils have been invested with extraordinary powers under a decree signed by M. Kalinin, President of the Council of People's Commissars. With a view to facilitating rapid militarization, triumvirates have been established in all military districts consisting of Army Commanders and two apppointed members, thus ensuring control from the Kremlin. The councils are given supreme and exclusive authority to manage the military affairs of the district and to mobilize the populations and all means of transport. Industrial construction, both defensive and non-defensive, will be under the control of the councils as well as all educational bodies associated with war preparations.

"Pravda" Comments on the Discussions of the Third Five-Year Plan

In an editorial devoted to the discussion of the problems of the Third Five-Year Plan which has commenced in the press, Moscow *Pravda* May 8 wrote: "Wide discussion of the most important problems of life are becoming an everyday phenomenon in our country. Millions of workers and peasants, employees and intellectuals participated in the nation-wide discussion of the draft of the Stalinist Constitution. The country very animatedly discussed the draft decree on the prohibition of abortions. Now the draft statutes of the trade unions are being considered by the plenum of the All-Union Central Council of Trade Unions and which will be published in the press, will also be submitted for discussion to the entire mass of trade union members."

Complete Disappearance of Smallpox in the U. S. S. R. as Result of Vaccination

Tass mail advices state that during February and March of this year not one case of smallpox was recorded in the entire Soviet Union. In 1936, there were 400 cases of smallpox as against 14,154 registered in 1927 and 100,000 a year in Czarist Russia before the world war. The complete liquidation of smallpox in the U. S. S. R. is, it is stated, the result of planned and persistent application of compulsory vaccination. At present, 40,000,000 persons in the Soviet Union are annually vaccinated or revaccinated against smallpox infection.

Moscow Subway Carries 205 Million Passengers in Two Years

The second anniversary of the Moscow subway took place May 15. During this two-year period 205 million passengers were carried. In the number of passengers per kilometre the Moscow subway takes first place in the world.

Birth-Rate in the Soviet Union Increases 30% in First Quarter of 1937

A recent message from Moscow calls attention to the fact that the birth-rate in the Soviet Union is growing monthly. According to preliminary figures the number of births in the first quarter of 1937 increased almost 30 per cent in comparison with the corresponding period of 1936.

Exhibition of Japanese and Chinese Art Held in Kiev

An exhibition of Chinese and Japanese art, organized by the Moscow Museum of Oriental Cultures has been opened in Kiev. Among the works of ancient Chinese and Japanese masters, particular attention is attracted by terra-cotta statuettes dating from the sixth and seventh centuries, graceful bronze pots made before the beginning of our era, fine jades and painted porcelain. Of much interest also are Chinese tapestries of the sixteenth century and number of pictures by Japanese artists of the eighteenth and nineteenth centuries.

C.P.C. Revises Regulations for Appointment of Magistrates

Candidates above the age of 30 who have successfully passed the district magistrates' examinations should have the priority to be appointed as magistrates, according to the revised regulations governing the appointment of district magistrates which were formally adopted by the Central Political Council in Nanking, May 13. Reserve magistrates who have only had administrative experience under one year must first serve as secretaries or department chiefs in the district governments for one year. If their records prove satisfactory after the required period they will receive formal appointments. However, the regulations provide, under special circumstances the training period may be reduced upon the suggestion of the Ministry of Interior to the Ministry of Personnel. Officials now employed in the Central Government organs, who are qualified to be reserve magistrates, according to the regulations, may exchange positions with magistrates now working in the various districts.

Movements and Appointments in Diplomatic and Official Circles

The 98th birthday of Ma Hsiang-po, veteran educator and member of the National Government Committee, was publicly celebrated at the International Club in Nanking May 16.

Tseng Yang-fu, Mayor of Canton who was formerly Provincial Commissioner of Reconstruction for Chekiang, has resigned from his concurrent post as Chairman of the Chekiang Silk Control Commission. Dr. Chu Chia-hua, Chairman of the Chekiang Provincial Government, will temporarily head the Commission.

Lieut.-General Ho Yao-tsu, newly appointed Acting Chairman of the Kansu Provincial Government, Lo Kung-hua, Provincial Commissioner of Civil Affairs for Kansu, and Messrs. Tien Kun-shan and Chou Chieh-tao, respectively member and Chief Secretary of the Provincial Government, assumed their duties at Lanchow May 17.

Signor Alberto de Stefani, the Italian Financial Adviser of the National Government, arrived in Taiyuan, May 13 from Peiping by airplane in the company of General Chiang Fang-chen, personal representative of General Chiang Kai-shek. A dinner in honor of Signor Stefani was given by the Taiyuan Pacification Headquarters. After inspecting the financial situation and the progress of provincial reconstruction in Taiyuan Signor Stefani proceeded to Hopientsun where he saw General Yen Hsi-shan, Director of the Taiyuan Pacification Headquarters and concurrently Vice-President of the Military Affairs Commission. Signor Stefani later proceeded to Canton, via Changsha.

Baron G. W. de Vos van Steenwyk, the Netherlands Minister, called on Lieut.-General Kuo Chien, Garrison Commander for the Wu-Han Area, in Hankow May 13. The latter subsequently returned the call. The Netherlands Minister later proceeded to Szechuen. He will return to Peiping via Shensi.

Sir Hughe Montgomery Knatchbull-Hugessen, the British Ambassador, called on Dr. Wang Chung-hui, Minister of Foreign Affairs, May 15 to thank the Chinese Government and people for their congratulations on the coronation of King George VI and Queen Elizabeth.

The former Doyen of the Diplomatic Corps in China, Eugene von Kuczynski, Privy Councillor to Emperor Francis Joseph I., who represented Austria-Hungary in China from about 1904 to 1910, died in his 85th year at Zagreb, Yugoslavia, on April 16.

Hsu Shih-ying, Chinese Ambassador to Japan, who was confined to the hospital on account of ear trouble, has been given another month's leave of absence by the National Government. It is reported that Mr. Hsu will return to his post in Tokyo in June.

The German Ambassador and Frau Trautmann gave a luncheon in honor of Dr. Wang Chung-hui, Minister of Foreign Affairs in Nanking May 11.

Admiral Takahashi to Attend Naval Conference in Hankow Next Week

Admiral Sankichi Takahashi, former commander-in-chief of the Japanese Combined Fleet and now a member of the Supreme Military Council, will arrive in Shanghai on May 24 on a visit. He will be accompanied by Lieut.-Commander Goro Takase. Proceeding to Soochow on May 27, Admiral Takahashi will return here the following day to proceed by air to Hankow, where a conference of Japanese naval officials will be held next week. He expects to sail back to Japan on June 7.

Admiral Nobumasa Suetsugu, member of the Supreme War Council and once the "stormy petrel" of the Navy, arrived in Peiping May 14 after a tour of Manchukuo. During a four-day visit in the former capital the Admiral also interviewed leading local Chinese officials and addressed a meeting of Japanese residents.

Eiji Amau, the newly appointed Minister to Berne and former "spokesman" of the Foreign Office, will leave Tokyo for Shanghai on May 24. His itinerary includes visits to Hankow, Tsingtao, Tientsin, Peiping and the major cities of Manchukuo. He will return here late in June, or early in July.

General Chiang Ting-wen Ordered to Resume Duties in Fukien

General Chiang Ting-wen, Director of the Fukien Pacification Headquarters,—who was transferred to Sian to take the chief command of the Northwestern Bandit-suppression Forces at the front a few days before the outbreak of the Sian *coup* of December 12 last,—has been ordered by the Military Affairs Commission to return and resume his duties in Fukien, in view of the liquidation of the Sian trouble and the demobilization of the Central Government troops.

Since December, it is to be noted, the affairs of the Pacification Headquarters in Foochow have been in temporary charge of General Chen Yi, Chairman of the Fukien Provincial Government.

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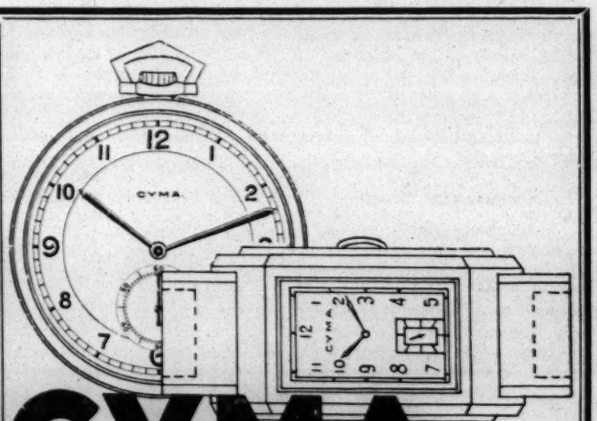

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Northeastern University Dispute Claimed Practically Settled, But Students Hold Train

Student trouble flared up anew in Peiping May 18 when 500 law, engineering and literature students of the North-Eastern University marched to the Chienmen Station and occupied the 5.55 p.m. express train for Nanking, preventing its departure. The students demanded free transportation to the Capital in order to present eight demands to the Government, including:

1.—Retention of Marshal Chang Hsueh-liang as Chancellor.

2.—The University to remain in Peiping instead of being removed to Kaifeng.

3.—Restoration of Nanking's grant of $25,000 a month. At 9.30 at night the train was still detained at the station, with a party of students squatting in front of the engine to prevent its removal. All passengers, however, managed to get away at 9 p.m. aboard another train, to which they had been transferred.

A large squad of police stood by, but did not interfere with the students, group, which included about 100 girls.

Previous reports stated that the protracted trouble at the Northeastern University in Peiping arising from the appointment of Tsang Chi-fang as Chancellor of the University was on the point of settlement. The committee, organized by the teachers and administrative officials of the University about two months ago to carry on the work of the University, met in Peiping May 14 and decided to vote itself out of existence. This was due to the fact that the Executive Yuan recently decided to change the status of the University to that of a national university.

The students of the University, however, are agitating for the retention of the University in Peiping and have decided to send a petition to the Ministry of Education to this effect.

After the Ministry of Education had appointed Tsang Chi-fang, Chancellor of the University, it may be recalled, the authorities in charge of the University refused to recognize him. This caused a split in the student body, one group supporting Mr. Tsang and the other opposing him. Those who supported him went to Kaifeng, where temporary classes were opened for them at the Honan Provincial University. After the liquidation of the situation in Shensi, Mr. Tsang took over the Northeastern Branch University in Sian and since then class work has been conducted in that city.

In the meantime both the teachers and students of the University tried hard to induce the Hopei-Chahar Political Council to take over the University and appoint Liu Cheh, Chancellor. Mr. Liu declined and had to leave for Tientsin in order to avoid their importunities. The decision of the teachers to abolish the so-called School Affairs Maintenance Committee is generally taken as an indication that the teachers have abandoned their fight against the nominee of the Ministry of Education for the Chancellorship, Mr. Tsang.

The great majority of the students of the University hail from Manchuria. The University was founded by the late Marshal Chang Tso-lin about ten years ago and was removed to Peiping from Mukden after the Mukden incident of September 18, 1931.

Northeastern Students Appeal for Aid in Manifesto

Describing their institution as the "soul of the Northeast," demonstrating men and women students of the Northeastern University May 18 issued an appeal for help addressed to all Manchurians. Recalling that their "ancestors' graves, farms and homes" were still in the Northeast, the authors of the manifesto said they had waited for five years for the restoration of Manchuria to China. "When we heard that the Sian Affair had been peaceably settled, we were confident that we would soon be able to return to our native land," the appeal said. "But our hopes were mercilessly shattered. Our sole weapon in our recovery of the Northeast—the Northeastern Army—was bought over, scattered and reorganized in the guise of its incorporation into the National Army. Today it is but a historical name.

"Gen. Chang is a virtual captive. Our school alone remains today as a cultural body. The Ministry of Education, following its failure to seize our school by force after the Sian Affair, is now seeking to destroy it.

"People of Manchuria. In these last six years we have awakened to realize that the Northeastern University is the soul of the Northeast and the cradle of the Northeastern youths who will retake our homeland.

"Fellow countrymen give us your help," the manifesto concluded.

Eight Million Dollars Allotted for Social and Mass Education

The expenses, the Nanking Government for promotion of social and mass education in the 26th fiscal year (July 1, 1937-June 30, 1938) are fixed at $8 millions, which is an increase of $3 millions over the current year. This amount does not include the subsidies granted by the various organs for the administration of Boxer Indemnity Refunds. During the present fiscal year, 112,000 mass education (free) schools have been conducted throughout the country, with a total enrolment of 16,555,000 students, according to statistics compiled by the Ministry of Education.

Szechuen Province Makes New Proposal to Raise $12,000,000 Relief Loan

A telegram from Chengtu May 15 stated that a new method of raising the sinking fund for the issue of a $12 million Provincial Relief Loan has been devised by the Szechuan Provincial Government, and will be submitted to the Central authorities for approval. Originally, the Szechuen Provincial Government proposed that a surcharge be imposed on the Farm Tax in Szechuen and that the proceeds thereof be used as sinking fund for the loan. This recommendation was however turned down by the Ministry of Finance on the ground that imposition of any Farm Surtax has been prohibited throughout th country by mandate of the National Government in 1934.

According to the new proposal, the reserve fund for drought relief in the budget estimates of the Szechuen Provincial Government for thf 27th fiscal year (July 1, 1938-June 30, 1939) is to be increased considerably so as to provide for the sinking funds. A subsidy, however, will be sought from the Central authorities towards the sinking fund for the 26th year. (July, 1937-38).

This proposal is being brought to the Capital by Liu Hang-sheng, Provincial Commissioner of Finance for Szechuen, who will also make arrangements for an advance of $4 millions from the Central Bank of China, the Bank of China, the Bank of Communications, and the Farmers' Bank of China.

Commission Formed in Shanghai to Secure Funds for Drought Relief in Kweichow

A Shanghai Commission to secure contributions for drought relief in Kweichow was formally inaugurated here May 14. Over 80 officials and civic leaders were present, including General Ho Ying-chin, Minister of War; O. K. Yui, Acting Mayor of Greater Shanghai; General Yang Hu, Garrison Commander of the Shanghai-Woosung Area; Yu Ya-ching, General Manager of the San Peh Steam Navigation Company; Tu Yueh-sen, President of the Chung Wai Bank; and Lin Kang-hou, Chairman of the National Federation of Chambers of Commerce. After adopting the regulations of the Commission, the meeting elected an Honorary Presidium of eight, including General Chiang Kai-shek, T. V. Soong, and Dr. H. H. Kung. It was decided to approach the Central Bank of China, the Bank of China, and the Bank of Communications for a loan of $150,000 for urgent drought relief in Kweichow. Public contributions will be solicited.

Shansi Residents in Association Nanking Urges Tax Exemption as Relief Measure

That prompt measures be adopted to relieve the drought victims of Shansi, was urged by the Shansi Residents' Association in Nanking in a telegram sent to Chao Tai-wen, Chairman of the Shansi Provincial Government, May 14. The telegram quoted reports that southern Shansi is suffering from a severe drought. The price of wheat has risen to $18 per picul. The people are subsisting on the barks of trees and roots of grass. The telegram expressed the opinion that if prompt measures for relief are not adopted, a large number of the drought victims are certain to die of starvation. While the Central authorities should be petitioned for assistance, the telegram continued, prompt measures of relief should also be adopted by the Shansi Provincial Government. In view of the gravity of the situation, taxes in the stricken areas should be either reduced or exempted, the telegram urged.

Dr. Paul Monroe Will Deliver Lectures at National University in Szechuen

Arriving in Peiping from Nanking May 17, Dr. Paul Monroe prominent American educator and philospoher, was welcomed at the railway station by a prominent gathering, including Dr. Hu Shih, well-known philosopher and Dean of the College of Arts of the National Peking University, Dr. Chiang Mon-lin, President of the National Peking University, and Mei Yi-chi, President of the National Tsinghua University.

Dr. Monroe will inspect the work of the China Foundation for the Promotion of Education and Culture (in charge of the administration of the American portion of the Boxer Indemnity Refunds), and the equipment of the various universities in Peipinge.

Dr. Monroe will later proceed to Chengtu, in the company of Jen Hung-chun, President of the National Szechuan University, to deliver a series of lectures at the University. He will also inspect the educational work at Chungking before proceeding to Hankow.

Ministry to Conduct Special Class to Train Health Experts

To meet the growing demand for competent health workers in various education institutes, the Ministry of Education and the National Health Administration have jointly decided to conduct a special training class for school health experts in July next. The class, it is understood, will be limited to 20 graduates from medical colleges. After four weeks' intensive training, they will be assigned to various schools throughout the country for service.

Central Executive Committee of Kuomintang Issues Circular on Freedom of the Press

The Central Executive Committee of the Kuomintang May 15 issued a circular order regarding the promotion of mass movements and protection of the freedom of speech.

The order is addressed to the various Provincial and Municipal Party headquarters and contains, among others, the following provisions:—In recent years, the national emergency has become daily more serious. Danger lurks on every hand. In order to suppress disturbances and consolidate the national foundation, this traditional policy is even more indispensable. Public opinion must be given ample opportunity of expression, and mass movements must be actively promoted, so that the will of the people throughout the country may be unified under the direction of this Party for the achievement of the difficult task of national regeneration, reconstruction and salvation. As to the small minority of people who, through ignorance or prejudice, exceed the limits of law in their actions and utterances—in certain cases, even to the extent of plotting the overthrow of the Government under the pretext of patriotism, thereby endangering the Republic—their actions can not but be restricted or restrained by law.

"However, in order to enforce the above-mentioned policy, the masses must be actively trained; social education promoted; local autonomy instituted; and the cooperative movement promoted, so as to elevate the cultural level of the people, strengthen their organization, and assure them security in their livelihood. Each individual must be made a productive unit of society. Each must perform his duties efficiently, so that he may successfully serve the State. Only thus can public opinion harmonize with the policy of consolidating the people's strength and concentrating the national resources; and only thus can the policy of this Party to promote mass movements and protect legitimate public opinion be enforced.

"Besides dispatching a communication to this effect to the National Government for transmission to its various subordinate organs, this Order is hereby issued to the various grades of local Party headquarters for transmission to their subordinate organs for strict observance."

The circular was signed by Chiang Chung-cheng (Chiang Kai-shek), Wang Chao-ming (Wang Ching-wei), Chu Cheng, Feng Yu-hsiang, Ting Wei-fen, Yeh Chu-tsang, Kung Hsiang-hsi (H. H. Kung), Tsou Lu, and Chen Li-fu, members of the Standing Committee of the C.E.C.

General Horvath Dies at Age of 75—C. E. R. Pioneer and Head of White Russians

The death occurred in Peiping May 16, at the age of 75, of Lieutenant-General Dmitri Horvath, head of the White Russian community in the Far East and president of the Chinese Eastern Railway in Czarist days. He had been ill with appendicitis for two weeks. The deceased was born in St. Petersburg in the Imperial Palace "Zimni" in 1861, and graduated from the Military Engineering Academy at St. Petersburg. At the close of the last century he was sent by the Czarist Government to Manchuria to build the Chinese Eastern Railway; and when that work was completed he was appointed the first General Manager of the Railway, which post he held for two decades, until the revolution of 1917. Harbin was planned and built under his supervision. He was the actual, if not the official, viceroy of the Russian part of Manchuria, and his exceptional influence was recognized not only by the Russian ministers in Peking, but also by St. Petersburg.

When the revolution broke out in 1917, he was not dismissed by the Provisional Government, as were all other Governors-General, but was appointed a High Commissioner in Manchuria. In October 1917 the power in Russia was taken by the Soviets. Gen. Horvath left Manchuria in the Spring of the following year and declared himself the Provisional Supreme Ruler of Russia and helped in the formation of the government which established itself in Vladivostok.

At the end of 1919 he returned to Manchuria and from there proceeded to Peking. When in October, 1920, the new status for the Chinese Eastern Railway was drawn up—whereby it came under the direction of the Russo-Asiatic Bank—Gen. Horvath was appointed High Adviser to the Board of Directors. Since then he had remained in Peiping, living in the ex-Austrian Legation.

Shanghai Foreign and Sikh Police Injured by Strikers in Leather Factory

Six foreign and six Sikh police officers of Bubbling Well Police Station, as well as a number of strikers, sustained various injuries during the rioting of about 150 workers of the Shanghai Leather Company at 59 Brenan Road, May 13. Bamboo poles, bricks and stones were used by the strikers, who tried to prevent 12 Russian strike-breakers, hired by the management, from entering the factory.

British Kung Yik Cotton Mill Employees End Strike

After several weeks agitation during which the management was forced to close business and to declare a lockout, workers of the Kung Yik (Ewo) Cotton Mill, a British mill in Robison Road, returned to work May 4 as a result of mediatory efforts made by officials of the Bureau of Social Affairs.

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China-U.S. Radio-Telephone Service Formally Opened

After a series of delays, the radio-telephone service between China and the United States was formally opened this week. A celebration to mark the event was held at the Park Hotel on the evening of May 19, when upwards of 500 prominent officials and business leaders of Shanghai assembled as the guests at a buffet supper served by the Ministry of Communications. Dr. Wang Chung-hui, Acting President of the Executive Yuan and Minister of Foreign Affairs, declared the service formally opened by speaking with a member of the Department of State in Washington.

The outstanding features of the evening were the conversations exchanged between Mmes. Chiang Kai-shek and H. H. Kung with Mrs. Franklin D. Roosevelt.

"Hello, Madame Chiang," Mrs. Roosevelt said over the telephone from Washington. "I am so happy to be able to participate in the opening of this new method of communication, which I am sure will bring our two countries closer together in understanding and sympathy."

Madame Chiang, speaking in flawless English, replied with great feeling:

"Isn't it wonderful that science has made it possible for us to speak to each other across the Pacific? It seems as easy as speaking from adjoining houses. This is certainly proof that science has annihilated distance between peoples, but isn't it too bad this science has also been increasingly devoted to the annihilation of the people themselves? I have often wondered what we women of the world could do to encourage scientists to devote their genius to keeping people alive instead of mowing them down in masses, as is being done this very minute in Spain.

"Since the world statesmen seem unable to maintain the machinery of peace, and since the munition makers do not want peace, cannot we women step into the breach? It seems to me that unless world rearmament ceases another world war is inevitable.

"I speak feelingly because I am talking from a country which has been under the menace of war for several years, though I am glad to be able to tell you that the sky seems to be clearing and that if conditions continue to improve the peace of the Far East will be maintained. Maybe the treaty era is not dead after all. We women of China have been following your splendid work for the American people with great admiration and interest.

"Would it be possible for you to extend that work and mobilize the women of the world so that peace may be established and reign always? This is what the women of China would like. I was hoping to go to America and to see you there this spring. But that was impossible. I am glad, though, to have this chance to speak to you and personally give you my greetings nd best wishes and those of the women of China."

"Thank you, Madame Chiang," Mrs. Roosevelt replied. "Might I speak to Madame Kung, please."

"Hello, Mrs. Roosevelt," said Madame Kung.

"I am so happy to speak to you again, Madame Kung," said the President's wife, "and I hope that this new method of communication will draw the women of China and America, as well as the men, closer together, as Madame Chiang has so well expressed it."

In reply, Madame Kung said:

"I am so glad to hear you over the telephone. Little did I dream when I saw you five years ago that science would make such a thing possible. One wonders what will happen during the next five years. Perhaps you would be interested to know that I often talk over the phone with my husband who is in London, and that his voice comes through space quite clearly.

"The telephone does make very near neighbors of those who are very far distant, and surely should be able to do much to unite the world one of these days. That would be a triumph for the scientist where the statesmen seem to have failed. And the world is surely waiting for someone to show how success may triumph over failure for the good of humanity.

"Dr. Kung will be going to America on his way back to China, and I am sure he will call on you and the President. I am sorry I am not fortunate enough to be with him. From time to time there are reports that you and the President will come to China. I hope that is true. In that case I shall see you and you may be assured that the people of China will give you a grand welcome for we have very friendly feelings for America and for the Roosevelt Administration.

"Will you please convey to President Roosevelt the greeting of his Chinese friends and admirers who always wish him well in his great work and hope for him continued good health and high success? I send you both my warmest wishes."

Others who exchanged conversations on this historic occasion were: Gen. Yu Fei-peng, Minister of Communications, with A. S. Prall, Chairman of the Federal Communications Commission; Ambassador Nelson T. Johnson with Secretary of State Hull; Consul General C. E. Gauss and Commercial Attache Julean Arnold with Dr. Stanley K. Hornbeck, Chief of the Division of Far Eastern Affairs in Washington; Dr. Sao-ke Alfred Sze, retiring Chinese Ambassador to the United States, with Dr. Wang and Loy Chang, Superintendent of the Customs Administration (representing T. V. Soong).

The ceremony concluded with Peng Hsueh-pei, Vice Minister of Communications, talking with T. G. Miller, Vice President of the American Telephone and Telegraph Co.

Officials of the Shanghai Telephone Administration, Ministry of Communications, 724 Chung Hwa Road, Nantao, are handling details of the new service from this end. They clarified reports regarding the reported charge of $6.80. This charge, they said, will be made only when there is no reply from the called party, no way to inform the called party, called party not available, calling party does not answer, or the calling party not available or unwilling to talk. Otherwise, if the call is successfully made, there is no report charge. This means that a call from Shanghai to San Francisco, for instance, will cost $71.40 for the first three minutes on week-days, or $51 for the first three minutes on Sundays. U. S. Secretary of State Hull.

Shanghai Celebrates China-American Trade Week with Many Events

Numerous events marked the observance of China-American Trade Week May 16-23. Last Sunday special sermons were preached at the Community Church and at the Fourth Marine Church at the Cathay, the day being observed as "Good Neighbor Sunday." In the evening at the Navy "Y," C. H. Lowe, director of the China International Famine Relief Commission, spoke on "Improvement of Sino-American Trade Relations."

There were no events scheduled for Monday, but on Tuesday at 12.15 p.m. an excursion party made an inspection of the Jukong Wharves and the new harbor development.

On Wednesday students of the Shanghai American School assembled to hear a speech on "Culture and Commerce" by Dr. J. Usang Ly, president of Chiao-Tung University, while a students' essay contest on the subject "The Attitude of the American Government Toward Sino-American Trade," was also conducted. W. H. Plant, of the American Chamber of Commerce, awarded the prizes. In the evening at the Park Hotel, the Ministry of Communications held a gala reception on the occasion of the inauguration of the Public Radio Telephone Service between China and America. Julean Arnold, American Commercial Attache, spoke at the Rotary Club tiffin on Thursday on the subject "Significance of Foreign Trade Week," while on Friday at the American Club there was a tiffin in honor of American and Chinese students who are planning to continue their studies in America this year. The American University Club and Association of University Women participated in the luncheon arrangements. Paul Dietz, of the American Junior Chamber of Commerce, presided and addresses were given by O. K. Yui and Judge Milton J. Helmick.

Tokyo Reveals Plot by Japanese to Kill T. V. Soong in 1933

A plot against the life of T. V. Soong, Chairman of the Bank of China and former Chinese Minister of Finance, was revealed in Tokyo May 18 with the publication of details on the preliminary trial of J. Oda, who was arrested in February last year for an unsuccessful attempt on Dr. Minobe, retired professor of the Tokyo Imperial University. Oda's attempt on the life of Dr. Minobe was made following the nation-wide furor created by the well-known educator's theory that the Emperor was nothing more than an entity in Japan's body politic. The nation was so furious over this alleged case of lese majeste that Dr. Minobe was forced to recant his contention and make an apology. Details of the protracted preliminary trial of Oda were not revealed until this week.

It now appears that Oda, 32, holds extremely chauvinistic views. In addition to the unsuccessful attempt on Dr. Minobe, he had also planned to assassinate T. V. Soong, when the latter returned to China from America by way of Japan in August, 1933, after having concluded the Cotton and Wheat Loan with the United States.

French Doctor Stirs Concession Community With Suit Against Municipal Council

A civil suit, instituted in the French Consular Court several weeks ago to cancel the "election" of French Concession Land Commissioners on March 4, by Dr. A. Richer, French physician, has caused considerable commotion in the French Colony in Shanghai. A further sitting took place before Judge R. Kauffman May 10, when three officials of the F.M.C. gave evidence. The hearing was adjourned to May 25.

Dr. Richer claims $1 damage, saying that the elections of 1937 were not conducted in accordance with the regulations. According to the rules, he contended, the names of candidates for land commissioners should be made known one week before the elections, but in the present case, this was done only 24 hours before the election.

Manchukuo Promulgates Land and Labor Requisition Law

Land and labor may be requisitioned by the Government in times of war or of emergency under a law promulgated in Hsinking, May 13. The statute also will be applicable to cases involving expeditions against bandits, troops on patrol or garrison duty on maneuvers. Provisions for the indemnification of losses caused by such requisitions are also made in the law.

Hsinking to Control Iron Trade

Decision to promulgate a measure providing for strict State control over the marketing, import and export of iron and steel was reached by the Hsinking Government, May 13. The step is designed to alleviate the current shortage of iron, keenly felt in Manchukuo, as well as in Japan and the rest of the world.

Yalu Plant to Generate 500,000 Kilowatts of Electricity

Notes providing for the establishment of an electric power company capitalized at Yen 50,000,000 will soon be exchanged between Japan and Manchukuo. The proposed joint concern will have the first hydro-electric generating plant to produce 500,000 kilowatts. It will utilize the water power of the Yalu River. Seven Japanese engineers are scheduled to sail from Yokohama for the United States on May 27 to study Boulder Dam, one of the outstanding examples of constructions of that type. They propose to obtain much information that will prove useful in building the Yalu plant.

Hsinking Approves New Trade Pact with Reich

The Manchukuo Government May 14 approved a revised draft of a trade agreement with Germany and referred it to the Privy Council for consideration. The text of the pact, which will replace the present agreement expiring on May 31, will be published simultaneously in Hsinking and in Berlin.

Tsitsihar Takes Over Soviet Consulate Land

Unable to come to terms with the Soviet authorities, the local "city fathers" at Tsitsihar, May 17 decided to take over the grounds of the former Soviet consulate here for conversion into a park. The premises formerly occupied by the Consulate will, however, remain untouched. The grounds attached to the Consulate, were occupied by Russian troops in 1899. On Sept. 16, 1936, when the Manchukuo Government was notified of the Consulate's closing, the grounds should have automatically reverted to Manchukuo. Negotiations for the transfer of the site to the municipal authorities have been conducted ever since with Mr. Slavutsky, but without any success. For this reason, according to *Kokutsu* the "city fathers" decided to take over the land without further ado.

Japanese Said to Be Stirring Up Trouble in Western Mongolia

Japanese special service men are reported to be extremely active in western Mongolia, including the Keh-Chi-Lar banner. Japanese agents are stated to be exchanging the legal tender notes used in the area for solid silver, in an attempt to undermine Chinese currency in the area. They are surveying the land and carry on propaganda work among the young Mongols.

The Director of the Special Department in Keh-Chi-Lar, who returned to the East last November, as his headquarters had been burned to the ground by fire, returned to the area at the end of April. At present this Japanese officer is presenting gifts to the Mongolian leaders, in an attempt to win the favor of these elder Mongolian chieftans.

In view of the situation, the National Government has ordered the Ninghsia Provincial Government to take precautious actions in the area. Li Han-yuan, director of civil affairs for Ninghsia, left Lanchow May 10 by motor car for Keh-Chi-Lar to take control of the situation.

Japanese Organize "Inner Mongolia Military Headquarters" in North Chahar

According to reports from Dolonor, the Japanese military authorities have definitely decided to change the Japanese military headquarters in Chengteh into the Inner Mongolian Military Headquarters to be located at Chiapushih. The director of the Japanese Special Service Department in the area will be promoted and be appointed director of the headquarters. This decision was reached after the recent arrival of Lt.-Gen. K. Uyeda, commander of the Japanese Kwantung Army, from North Chahar.

Prince Teh Introduces Three-year Plan for Inner Mongolia

A three-year plan for the training of a strong Mongolian military force has been started by Prince Teh., commander of the Mongolian forces in North Chahar.

German Trade Commissioner Proceeds from Hsinking to Tokyo

Dr. Karl Knoll, German Trade Commissioner to Manchukuo, proceeded this week to Tokyo, where he will confer with Dr. Herbert von Dirksen, German Ambassador to Japan, on the revision of the Reich-Manchukuo Trade Agreement, expiring on May 31. The German trade official is scheduled to return to Hsinking before the expiration of the accord, to initial the new agreement.

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In the United States Court for China

IN THE MATTER OF EDOUARDO FRANCISCO PALMA, BANKRUPT. IN BANKRUPTCY.

Cause No. 4118
Special Proceedings No. 1997
NOTICE
Filed at Shanghai, China, The 17th day of September.
William T. Collins, Clerk.

NOTICE OF FIRST MEETING OF CREDITORS

To the creditors of Edouardo Francisco Palma, of Shanghai, China, a bankrupt:

Notice is hereby given that on the 17th day of September, 1936, the said Edouardo Francisco Palma was duly adjudicated bankrupt; and that the first meeting of his creditors will be held in the United States Court for China, at Shanghai, China, on the 21st day of June, 1937, at 2 P.M. o'clock in the afternoon, at which time the said creditors may attend, prove their claims, appoint a trustee, examine the bankrupt, and transact such other business as properly come before said meeting.

May 14, 1937.

MILTON J. HELMICK
Judge.

In the United States Court for China

In re.
LAST WILL AND TESTAMENT
of
MILTON D. PURDY
Deceased.

Cause No. 4177
Special Proceedings No. 2056
NOTICE
Filed at Shanghai, China May 14, 1937.
WILLIAM T. COLLINS, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of Milton D. Purdy, deceased, to present the same with vouchers to the undersigned on or before November 22, 1937, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Dr. Geo. Sellett,
Hamilton House, Shanghai, China.

Shanghai, China.

Central Political Council Approves National Budget for the Next Fiscal Year

At its meeting in Nanking, May 12, the Central Political Council approved the budget for the next fiscal year (July 1, 1937—June 31, 1937) submitted by the Ministry of Finance. The Customs revenue for the next year is estimated to be $338,222,836, representing an increase of $34,546,743 when compared with the present year. The salt revenue is estimated to be $228,495,653, representing an increase of $39,308,428 when compared with the present year. The estimated consolidated tax is placed at $175,617,650, an increase of $41,761,533 and income tax at $25,000,000, an increase of $20,000,000. The net profit of government enterprises is estimated to be $16,073,787, an increase of $16,000,784. The budget has been balanced at $1,000,649,478.

Central Bank to Establish Branch at Kweilin—Kwangsi Currency to Be Rehabilitated

Measures relating to the readjustment of the Kwangsi provincial banknotes were discussed at Nanking last week between Kan Chieh-hou and Major-General Liu Wei-chang,—representatives of General Li Tsung-jen and Pai Chung-hsi, Commander-in-Chief and Vice-Commander-in-Chief of the 5th Route Army, and General Huang Hsu-chu, Chairman of the Kwangsi Provincial Government,—on the one hand; and Messrs. Tsou Lin and Hsu Kan, Political and Administrative Vice-Ministers of Finance, and Chen Hsing (Jian H. Chen), Deputy Governor of the Central Bank of China, on the other.

It is understood that, at the request of the Kwangsi authorities, a branch of the Central Bank of China will be established in Kweilin, provincial capital of Kwangsi, which will be entrusted with the readjustment of the Kwangsi banknotes. Legal tender notes will be issued by the Kweilin branch of the Central Bank and a definite rate of exchange fixed for the redemption of the Kwangsi banknotes in order to stabilize the market value.

Referring to a recent proposal to reorganize the present Central Bank of China into a central reserve bank, the *Sin Wen Pao* understands that the bill regulating this change is still being studied by a committee of the Legislative Yuan and may not be made law until July or August. Formal reorganization, therefore, may not take place until early next January.

Agreement Reached Between Nanking and Arnhold & Company for Readjustment of Old Loan

As a result of protracted negotiations between the National Government and the management of H. E. Arnhold & Company, an agreement has been reached to readjust the loan which the former borrowed many years ago from said British firm. According to the loan agreement, unpaid interest will not be paid, while the principal is fixed at $1,910,000. It is further reported that as from April, 1937, $10,000 is being returned to the Arnhold firm every month.

Chekiang to Borrow $35,000,000

In an attempt to readjust the old loans of the province, Dr. Chu Chia-hua, chairman of the Chekiang Provincial Government, is contemplating to borrow $35,000,0000 from Shanghai banks. It is reported that about $30,000,000 will be spent for the readjustment of the old loans of the province while the remaining $5,000,000 will be spent to meet the urgent political expenses in the province.

Gen. Yen Hsi-shan to Spend $82,000,000 for Industrial Development of Shansi

For the development of industry in Shansi, Gen. Yen Hsi-shan, Pacification Commissioner of Shansi and Suiyuan, has decided to spend $82,000,000 for the various projects of industrialization. It is reported that the North-west Industrial Company organized by Gen. Yen will have a capital of $21,000,000.

Central Government Troops Replace Local Units at Chungking

As a result of arrangements made between Lieut.-General Ho Kuo-kuang, Acting Director of the Chungking Provisional Headquarters of the President of the Military Affairs Commission, and General Liu Hsiang, Chairman of the Szechuan Provincial Government, part of the Szechuen troops stationed in Chungking has been transferred by the Szechuen leader to other points. The posts vacated have been taken up by Central Government troops.

To dispel rumors arising from the troop movements, Lieut.-General Ho Kuo-kwang summoned Wen Sha-hao, Chairman of the Chungking Chamber of Commerce, and Wu Shou-tung, Chairman of the Chungking Bankers' Association, for a conference at Chungking May 12. In the course of the interview, Lieut.-General Ho explained the reason for the troop movements and asked them to make the matter clear to all circles so as to set the minds of the people at rest.

Ambassador Dodd Says U.S. Billionaire Would Like to See Fascism Established

"Several people with great fortunes would like to establish a dictatorship in the United States. One particularly, whose fortune runs into billions of dollars, is ready to support any such plan, provided he is in control of it," William Dodd, U. S. Ambassador to Berlin declared last week in a letter addressed to several Senators. "President Roosevelt is the best protection the United States has against such plans," Mr. Dodd is quoted as having added.

27,000 Steel Workers on Strike in Pittsburgh

A strike by workers belonging to the Committee for Industrial Organization commenced in Pittsburgh, May 12 in two factories owned by the Jones and Laughlin Steel Corporation, which employs 27,000 men.

Major Berry Becomes Tennessee Senator

Maj. George L. Berry, the Federal Co-ordinator for Industrial Cooperation and one of the New Deal's most active supporters in the ranks of labor, was sworn in as United States Senator from Tennessee May 12. He succeeds the late Senator Nathan L. Bachman, who died suddenly of a heart attack last week.

Increase of Seven Per Cent In U. S. Business in 1937 Is Predicted by Babson

Confidently predicting early business recovery, Arthur C. Babson, member of the Babson statistical organization, predicted in Indianapolis, May 6, that business in 1937 will be at least 7 per cent better than last year. He said that this year will be the best since 1929 in business volume, and added that business activity is rapidly returning to 1927-1928 levels. Mr. Babson doubted, however, that business would reach 1929 levels, at least this year.

Automobile Workers Warned by Henry Ford

Henry Ford, leading figure in the American automobile industry and head of Ford Motors, has prepared an anti-labor union pamphlet to be distributed among his 150,000 workmen. There is no point, the tract warns Ford employees, in paying an outsider for the right to work in a Ford plant. The last automobile strike put an iron collar around the necks of the working class, it says, accusing the unions of wishing to establish a monopoly over labor that would be as dangerous as a monopoly over bread.

U. S. Honors Japanese Barber-Astronomer

U. S. Ambassador Joseph C. Grew, May 17 forwarded to Kazuaki Gomi, 26-year-old barber and amateur astronomer at Kamizuwa, Japan, a gold medal awarded by Dr. Harlow Shapley, director of the Harvard University Observatory. The award was made by the American Association of Variable Star Observers "in special recognition" of Gomi's discovery of the new star Novalar-cetae on June 18 last year.

House Brought to Cincinnati by One Flood is Washed Away by Another

A curious incident is reported in connection with the recent floods in the Middle West. Cincinnati, the principal city of the Ohio Valley, has had previous experiences of great floods which included an inundation in 1913. When the waters of that flood had subsided the owner of a vacant plot of land in the city was astounded, when he came to visit his property, to find upon it a fine, six-room frame house. As required by law, he advertised his find in the newspapers, but no one ever came forward to claim it. He therefore fixed it down, renovated it, and had rented it at a satisfactory figure ever since. For years this "Gift of God House" had been one of the showplaces of Cincinnati. It was once more inundated in the recent floods; but, when the waters had subsided and the owner went to clean up the place, he had the second surprise of his life—the house had gone, having disappeared as mysteriously as it had arrived twenty-four years earlier.

Justice Van Devanter to Retire on June 2

Associate Justice Willis Van Devanter, staunch member of the Supreme Court's "conservative bloc," announced this week that he would retire from the bench on June 2.

Japan Increases Duties on Foreign Films by Fifty Percent—Monopoly Foreshadowed

A 50 per cent increase in the censorship fee on foreign films enacted recently by the Japanese authorities has caused a considerable sensation among foreign picture distributors in the Island Empire.

Some circles consider the increase the forerunner of a Government plan to control foreign picture activity in Japan, although Japanese officials declare they have no intention to suppress foreign pictures. A distributing company under Government control is likely to be established to handle and control foreign pictures.

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The National City Bank of New York, Rates of Exchange

Shanghai, May 19, 1937

Demand selling rate on America :	U.S. $1.00=Sh. $ 3.35
Demand buying rate on America :	U.S. $1.00=Sh. $ 3.33
Demand selling rate on London :	£1.0.0=Sh. $16.58
Demand buying rate on London :	£1.0.0=Sh. $16.44

The Far-Eastern Crisis—Some Comments on Henry L. Stimson's Book

BY CHEN PIN HO

(Continued from last week)

III.—The Sino-Japanese Conflict in Shanghai

Mr. Stimson did humanitarianism a valuable bit of service when he vehemently censured the Japanese Army for indiscriminately bombing and shelling Chapei, Shanghai, with atrocious thoroughness. There were, however, a few reasons that induced Japan to carry out her work of barbaric destruction in the way she did—reasons not so readily apparent except to one who observed the incident in situ. The first intimation of the Shanghai "war" was an attack directed against the San You cotton weaving factory by a number of Japanese ronins who diligently worked up a mob-ruled situation, the better to set fire to the works, which they soon did, completely demolishing the buildings. On the night of January 28th, detachments of the Japanese army began their work of destruction in serious. Japanese military planes flew over Chapei, hailing down indendiary bombs. Their chief objective was the largest publishing concern in southeastern China and its affiliated cultural establishment—the Commercial Press and the Oriental Library. It was not an accident that these two places were selected to bear the first onslaught of the attack. The San You cotton weaving factory was one of the largest and most reputable in south China, whose products found an extensive domestic market, to the exclusion of no small percentage of Japanese cotton products. It was evidently with a view to ingratiating itself with the Japanese light industry that the Japanese army directed their initial attack. Then there were originally a certain number of Japanese shares in the capital of the Commercial Press. These shares were gradually bought up until the concern consisted entirely of Chinese capital. Moreover, the development and expansion of this publishing firm had been surprisingly rapid, so much so that it was hard to find its equal among Japanese publishers in point of size of establishment, publishing technique and business enterprise. Besides, the employees of the Commercial Press rank among the most intelligent and most progressive of the working people in Shanghai. Many of them served as pioneers in the National Revolutionary Army in the Northern Expedition. In anti-Japanese movements, too, it was almost a matter of course that they took the lead. Little wonder that they were first chosen to learn of the effects of Japan's incendiary bombs.

IV.—Aggressive Policy of the Military Clique and Nationalistic Feeling of the People

That Mr. Stimson should respect the nationalistic feeling of the Japanese people was only natural and no more than proper. In matters like this one has to be wary of one's step that antagonism may not be unnecessarily incensed and magnified. Mr. Stimson thought that, "while preparing to uphold treaty obligations, it would be wise to avoid action which might excite nationalistic feeling in Japan in support of the military against Shidehara." (p. 42). Again, on page 55, "Gradually during those months it also became evident that the army was gathering behind itself as it made these succesive moves the support of a powerful nationalistic feeling among the people of Japan." He further says, on page 82, "A determined army, independent of Cabinet control, backed by the traditional Japanese feeling as to Manchuria, had vanquished the Cabinet and secured a united and inflamed nation behind it." and ". . . (the) militaristic leaders (were) backed by a populace inflamed to a state of fanatical excitement . . ." (p. 138). We have already suggested in these columns that the Japanese people's conception that they are entitled to special privileges in Manchuria is induced by various subjective and objective historic factors. Though it cannot be gainsaid that such conception does exist, yet it would be wrong to suppose that it is absolute or universal with the people of Japan. Japanese capitalism came very late into the ring; its development has been an abnormal growth—a growth that is not commensurate to the material conditions. During the years of the World War, Japanese investments had unexpectedly reaped an enormously rich harvest; Japanese industrial production had multiplied at an extraordinary rate. As the war ended, industrial countries of the West slowly but surely recuperated and regained their productive strength and lost market, especially in China. Meanwhile, Chinese domestic industry, with the assistance of investments of capital and technique from Western countries, gradually took shape. Either contingency was sufficiently detrimental to Japan's hold on the China market; with both in force at the same time, Japan's export trade was precarious indeed. On top of this the problem of armament on the Pacific designed to acquiring economic profits, stirred nervous Japanese capitalists and militarists uneasily in their sleep giving them no rest. Their nervousness pursued them to complete madness in the armament race, entailing larger and larger deficits in the annual national budget. The number of unemployed mounted daily; farm orders actually starved. No escape was visible; no relief to which they could look forward. In a tense situation and under dire circumstances like these it is easy for fascist militarists to gather the destitute under the martial flag of fascism by dangling the prize of conquest, loot and spoil before their eyes, for easy spoil works like a cardiac injection in the veins of the economically emaciated. That was how Japanese militarists dominated the cabinet.

This is the phenomenon of a man driven mad by besetting crises. It is not an emanation of his true and natural emotions. Take, for instance, the behaviour of the Japanese soldiers in their engagement with the Chinese troops in Manchuria and at Shanghai since the outbreak of the September 18th incident, and compare such behaviour with that of Japanese soldiers of the Russo-Japanese War period. An atmosphere of grim determination and intense patriotism pervaded the whole nation when Japanese troops were despatched to Manchuria against Russia in 1905: the father encouraged his son, the wife her husband, all expressing the wish that they would rather not see their beloved ones back alive if they should fail to win the war. Japanese soldiers despatched against China left their country's shores amid gloomy send-offs; downcast looks, depressed countenances, tears welling up from sad hearts. The enthusiasm and determination so prominent twenty-five years ago was totally absent. It was apparent that the germ of instability was already at work, undermining the morale of the whole nation. During the Shanghai "war" one Japanese division even came very close to mutiny for having taken to communist propaganda of anti-aggressional wars.

This does not mean that the average individual Japanese soldier of the present day are the inferior, in physical courage, to their brothren-in-arms of a quarter century ago. It was the difference in political situations between then and now that accounted for the sharp difference in the tone of the troops. At the time of the Russo-Japanese War, Japanese capitalism was still in its infancy—an infancy with a glorious future, like the sun at dawn, while Russia was a great and established power whose territory extended too dangerously near to the Japan islands and, to the eyes of Japan, somewhat of a bully. It was not only a struggle for mastery in Eastern Asia; Japan's very existence itself as a nation hung in the balance. The Japanese government and the Japanese people were then all one; they both felt they had either to succeed or die in the attempt.

How different things looked several years ago! It is true that Japan's rulers had a complete scheme laid out for aggression against and conquest of China. The successive steps they planned were:

First period, conquest of Formosa;

Second period, conquest of Korea;

Third period, conquest of Manchuria, Mongolia and Siberia;

Fourth and last period, complete conquest of China.

Then Japan's rulers started on their programme of conquests the Japanese people were fooled into looking forward to resultant prospects in the roseate light which those rulers played upon the horizon for their special benefit. They believed what their rulers gave them to believe, that conquests of alien territories would open up to them a golden future. Since then they had ample experience of what they might in truth expect from these wars of conquest; that the net result, so far as they were concerned, was death and disability, orphaned children and widowed women. "Every general's glory is bought with thousands of bleaching skeletons."* Territorial conquests excite industrial developments, but industrial developments always leave larger and larger bunches of workers unemployed. The livelihood of the people in general is not ameliorated therefor.

Such was the resultant situation of military exploits that the Japanese people found. By degree, the Japanese people as well as the rank and file of the Japanese army were becoming conscious of the true state of affairs, that militaristic aggressions and conquests in China were nothing but wholesale murders by their proxy, accruing to them no share of good. Militaristic expeditions against China bore to them no meaning, devoid of purpose, since the right was not on their side. Pain and perturbation beset their hearts when they followed their officers to missions of destruction. In action, the Japanese soldier is not at all the same, possesses none of that martial spirit as when he participates in grand reviews and demonstrations. No, the Japanese Empire's aggressive actions against China are not supported by the Japanese people.

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* *Chinese proverb.*

(To be continued next week)

Who's Who in China

Fu-Kun Wu, journalist and professor; born in Hongkong, 1901; graduated with M. A., LL. B. degress, University of Michigan, 1923; studied Law in Yale University and Political Science in the University of Illinois, 1924-25; publicity agent for the Ministry of Foreign Affairs in Canton, 1926; assistant professor of English, Sun Yat-sen University, Canton, 1928; professor of English, Sun Yat-sen University since 1935; correspondent for *Daily Express*, *Sunday Express*, London; editor, *Canton Daily Sun*, 1930-32; manager, *Union News Agency*, since 1936; frequent contributor to *Christian Science Monitor*, *Times of India*; correspondent in Canton for *Exchange Telegraph*, London 1932-35; address: 6 Chungkong Tung Street, Tungshan, Canton.

伍福焜
Fu-Kun Wu (Wu Fu-kun)

伍福焜，生於一九〇一年，畢業於美國米希根大學得法律學士及文學碩士學位，一九二三年後習法律於耶路大學，一九二四及一九二五年習政治於意利諾大學，一九二六年在廣州國民政府外交部任宣傳工作，一九二八年任國立中山大學副教授，一九三五年任正教授，一九三〇年至一九三二年，任英國倫敦每日快報，及星期快報通訊員，並任廣州英文日報記者，一九三三年至一九三五年任英國交換電訊社駐粵通訊員，一九三六年任廣州環海英文通訊社社長，現居廣州東山恤崗東街六號。

Chinese Maritime Customs Will Launch New Preventive Cruiser Next Month

The Chinese Maritime Customs will next month launch its largest preventive cruiser, the *Fushing* ("Star of Fortune"). Nearly 400 feet in length and carrying a crew of more than 100 men, the *Fushing* will be the mother ship for 10 armed speed boats of the type proven to be highly effective in combatting coastal smugglers in China waters. Each unit will be equipped with machine-guns, long range rifles and revolvers. Each will carry a crew of six or more trained Customs men. These auxiliary cutters will never leave the mother ship singly, but will go to sea several at a time. They are so fitted that they may stay away from the *Fushing* on patrol duty for two or three days. All possess high speed engines and are capable of running down the fastest smuggling craft afloat.

The mother ship was brought to Shanghai from Europe about two years ago and has been at the Kiangnan Dock since then. This vessel has been thoroughly equipped for her highly specialized duty. One of the most interesting of her many features is the large device on the forward deck for raising and lowering the auxiliary cutters, most of which have been built at the Shanghai Marine Motor Works.

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Men and Events

Sir Robert Hotung, Hongkong millionaire, attended the opening ceremony of the National Handicrafts Exhibition at Nanking May 20.

Michael Breal, general manager in the Far East for *Havas News Agency*, is expected back in Shanghai next week from a ten-day trip to Hongkong and Canton.

Dr. Wei Yu, one-time French Secretary to the late Dr. Sun Yat-sen in the revolutionary government in Canton, died in Hongkong last week at the age of 56.

Mrs. George Bronson Rea, widow of the late editor and publisher of the *Far Eastern Review*, has returned to Shanghai after considerable time spent in the United States.

A further five per cent dividend (making a total of 27½ per cent so far) was paid by Dr. George Sellett, liquidator of the defunct American-Oriental Banking Corporation, May 20.

China will be represented at the World Boy Scout Jamboree, scheduled to take place in Holland from July 31 to August 13, by nine Scouts to be selected from units all over China.

Mrs. W. E. Hines was elected president of the American Women's Club in Shanghai at the annual election of officers held May 19. Mrs. Hines succeeds Mrs. Albert C. Cornish.

Chungshee H. Liu, delivered a lecture entitled "A Tentative Classification of the Races of China" before the North China Branch of the Royal Asiatic Society in Shanghai, Thursday, May 20.

George Herbert Cuffin, a Cheshire laborer, won £30,000 in the Irish Hospitals Sweepstake in March, 1932. He died in October, 1934—2½ years later—from chronic alcoholism, having drunk himself to death.

Well-informed circles state that Gen. Chien Ta-chuan has been definitely named as the mayor of Shanghai to succeed Gen. Wu Te-chun, who was appointed to be chairman of the Kwangtung Provincial Government.

Dr. J. Heng Liu, Chief of the National Public Health Administration of the National Government in Nanking, proceeded to Foochow this week to inspect the plague-infested area and participate in the anti-plague work in south Fukien.

After more than two months in the ship repairers' hands, the Chinese cruiser *Chao Ho* came out of the Taikoo Dockyard in Hongkong recently, re-fitted for presumably many more years' service as one of the more important units of the Chinese Navy.

An LL.D. degree, *cum summa laude*, has been conferred by the Unviersity of Lyons on a Chinese student, Cheng Tse-hsiao. Before a jurv which was presided over by M. Dubarbeer, an eminent specialist on Chinese questions, Cheng defended a thesis on "Chinese Residing in France."

As a result of a series of conferences among themselves, the Chinese employees of the Shanghai Municipal Council have decided to pay income taxes to the National Government. It is reported that no less than $20,000 will be collected every month from these employers by the Income Tax Bureau.

Warren Pierson, President of the Export and Import Bank of New York, and Mrs. Pierson arrived in Chungking May 14 from Hankow on the C.N.A.C. airplane. A dinner in honor of the visitors was given by Teng I-kuang, Director of the Engineering Bureau of the Chengtu-Chungking Railway.

Chan Lai-chum, managing director of Sincere's department store was stabbed in the back by an unknown assailant and died shortly afterwards in the Kowloon Hospital, to which he had been removed. The crime was committed in Prince Edward Road, one of the principal European residential streets in Kowloon.

The death occurred recently at a Nairobi (Africa) nursing home, after a short illness, of Major Walter Kirton, who a quarter of a century ago was editor of the *National Review* in Shanghai. Major Kirton, according to the *East African Standard*, was one of the picturesque figures in the life of Kenya Colony and his career was no less colorful than his own personality.

To facilitate the bandit-suppression campaign along the Honan-Hupeh-Anhwei border, an order has jointly been issued by the Military Affairs Commission and the Executive Yuan empowering General Wei Li-huang, Director-General of the Honan-Hupeh-Anhwei Border, to change the Special Administrative Commissioners and District Magistrates in the Bandit-suppression zone.

L. A. Fritchman, former Vice-President and Assistant General Manager of the Shanghai Telephone Company, departed from Shanghai this week for New York, where he will be attached for a short period to the head offices of International Telephone and Telegraph Company. He will later be transferred to Europe, probably in Rumania. He is accompanied by his wife and two children.

The *Lih Pao* May 18 stated that in connection with their war preparations, the German authorities are enlisting Chinese seamen in Shanghai. It is reported that 63 Chinese have passed the physical examination and were sent to Germany lately. According to the terms of agreement, these workers will receive from $60 to $70 a month as their wage and will be allowed to return to China once every two-and-a-half years.

An extensive reshuffle, affecting department heads and officials was announced May 16 by the Nippon Yusen Kaisha, Japan's leading shipping concern. Kohei Morinaga, assistant manager of the N. Y. K.'s branch in Shanghai, has been promoted to assistant manager of the freight deportment in the head office in Tokyo. He will be replaced by Tsuyoshi Takei, assistant manager of the Hongkong office.

The Pan-Pacific Association of Shanghai will meet at the Park Hotel, Sky Terrace, Tuesday, May 25, at 12.20 p.m., when Dr. J. Usang Ly will preside. D. V. Bogomoloff, Soviet Union Ambassador to China, who has just returned from a visit to the U. S. S. R., will speak on "The New Constitution of the U. S. S. R."

The management of the Isis Theater, on North Szechuen road, Shanghai, which was wrecked several months ago by an Italian mob, announces that the repairs to the establishment are about completed and that the showing of films will be started end of this week or beginning of next. The first picture to be shown will be a Russian production, "We Who Are About to Die," a Hollywood film passed by the Central Board of Censors at Nanking but banned for release in the Settlement and the French Concession by the local board.

E. M. Peters, former Sergeant in the Shanghai Municipal Police, who last year was acquitted in the British Supreme Court on charges of assisting in drowning a beggar by throwing him into Soochow Creek, has in the meantime published a book in London entitled "Shanghai Policeman." He claims that he fought valiantly against Shanghai's underworld, only to be humiliated by being arrested in connection with the beggar incident.

Chu Chuan-sheng and Hsu Jui-hao, alleged to be the leaders of a gang who have been purchasing scrap iron for a "certain country" for the manufacture of ammunition, were arrested by the river police outside Chang Pen Gate at Soochow May 12. Upon being questioned they denied any complicity in the transactions. The two men were arrested on information from four other members of the group who were taken into custody several days previously.

Thirty years after its establishment in Port Arthur, soon after the Russo-Japanese war of 1904-05, the Kwantung Bureau will on May 31 be transferred to Dairen. While the Bureau's administrative wheels will start turning on June 1, the official reception marking the transfer will be held on June 4, when 500 leading officials and residents of Port Arthur and Dairen will attend a special ceremony at the Bureau's new headquarters. The body is headed by Ikeshima Mikage.

H. E. Arnhold, Managing Director of Arnhold Trading Company and past Chairman of the Municipal Council, departed end of this week for a holiday in England. He will return to Shanghai next October. Mr. Arnhold has resigned as a director of Arnhold and Company, Ltd. and after his return from England expects to devote his full time to the Arnhold Trading Company. The latter-mentioned concern is mostly engaged in the import and export trade. He retired as Chairman of the S.M.C. last month.

Great interest is being shown by the Chinese travelling population, particularly in South China, in the Amoy-Manila service which has been opened by the China Merchants Steam Navigation Co., which is being covered by the s.s. *Hai Heng*. A service every ten days in both directions is being maintained. The next sailing from Amoy will be May 25 at 4 p.m. The boat is scheduled to arrive at Manila May 28. On the return trip the *Hai Heng* will leave Manila May 31 at 11.00 a.m., arriving at Amoy June 2.

Alleged to have committed offences against a strike-breaker's personal liberty, including forcing him to kneel down in an office, attaching to the man's back a piece of paper with words describing him as a "running dog of the capitalists," and illegally detaining him there for over three hours, twenty-one members of the No. 4 District Silk Weavers Labor Union, Lane No. 130, House No. 138, Chining Road, were brought before the First Special District Court in Shanghai May 15 and ordered to be held by the police for further inquiries.

Issues of three foreign magazines were banned from sale in Japan early this month. The police seized remaining copies of the April number of *Esquire*, an American publication, which is alleged to "slander" the Japanese military authorities in an article entitled the Colonel Lawrence of Japan, illustrated by a cartoon of a certain Japanese officer. *Windsor Magazine*, published in London, has been seized because its April number carries an article called "Sun God of Japan," considered disrespectful to the Throne. The March issue of *Living Age* was seized because of an article entitled Thirteenth Captive, also considered disrespectful to the Throne.

Realization of the remarkable progress made by China and the fact that she has become a unified nation have brought about a change in public opinion in Japan towards this country, Frank Hedges, Tokyo correspondent of a string of American papers, announced to local newspaper men during a brief visit to this city this week. However, despite general endorsement of Foreign Minister Sato's view that Japan must treat China on a basis of equality, the correspondent saw danger in the fact that a small but powerful school of thought still existed which believed that this country did not yet deserve equality of treatment.

Imitation Parker Pens and Kodaks Sold by Shanghai "Mail Order" Houses

The *China Press* of May 15 gave details of a huge fraud, launched in Shanghai but affecting the millions in China's interior, uncovered by the Shanghai Municipal Police as the result of a series of raids on local bogus mail-order establishments. The first seizure comprised a large quantity of pens bearing the "Parker" stamp, which were being sold in the interior as the "genuine article" for $5 each. Several daily newspapers published in the interior were found on the premises of the mail-order house, located on Shanse Road, which contained large advertisements announcing Parker Pen bargains. "The price was originally $22. We are selling genuine Parker's for $5. Mail us $5 and we'll send you a pen," the advertisements read. Illustrations which are alleged to be exact copies of those used by Parker Pens accompany the ads.

Two Chinese summoned to the First Special District Court maintained that they did not know the goods were bogus. They thought they were genuine "Parkers" which had probably been smuggled into the country from Japan. Their attention was called to the fact that the counterfeiter who made the stamp dropped the first "r" in Parker.

In another seizure police obtained a large quantity of bogus "Kodaks" which were being sold in large quantities in the interior as genuine. The same methods used in disposing of the fake pens were employed to sell the cameras. Eastman Kodak advertising layouts were used in the provincial papers and the cameras, all of the small folding type, were offered for $5 each or less than one-fourth of the price of real Kodak of the same size.

Settlement of Outside Roads Issue Shifted to Consular Body

The knotty question of jurisdiction and collection of rates in the extra-Settlement areas has been shifted to the Consular Body for its decision, according to Chinese press reports, in an effort to settle the issue once and for all in terms favorable to the various interested nationals.

The Japanese have denied Chinese reports that their proposals aim at marking out particular roads as their own special districts. This impression persists among Chinese circles, however, and at a recent interview Mr. Yui declared that the city government would not compromise on the question although a satisfactory settlement might take long to reach.

Sumatra Natives Become Extravagant Since Rubber Boom Brought Them Wealth

The rubber boom has produced some amazing stories of nouveaux riches natives at Sumatra, in the Netherlands East Indies, who have become suddenly wealthy by the sale of rubber coupons. In one village a native rode round his garden on a new Japanese bicycle with a flag hoisted. The "flag" was made of five-guilder banknotes. To display his wealth, another native, after an elaborate meal at a restaurant, called for a basin of beer in which to wash his hands. It is also reported that some natives are using banknotes instead of banana leaves for plates from which to eat rice.

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New Books of Interest in the Far East

The Geisha Depicted in Japanese Painting

The Geisha. By C. G. Holme. London: The Studio Ltd. 44 Leicester Square, W.C.2. Text, 8 pp; color plates, with explanations 8. Price 5 shillings.

This is Volume IV in the series "Glimpses of Old Japan from Japanese Color Prints." The previous volumes deal with "Landscape," "Figure," and "Birds and Flowers." The get up is artistic and satisfactory to the lover of the beautiful. The binding is boards with green and gold brocade paper of modernistic design. The text is well printed. The colored reproductions of prints, Size 5″ by 8″, are extremely well done, apparently by Western processes.

The text contains some artistic writing. The author loosens up with the following description of Japanese music as sung by the Geisha! "All set to work on this queer assortment of instruments, kneeling upon the floor as they play. The issuing music is of a plaintive, half-finished kind which seems to create in one a vinegary sadness." And again. "The song consists of a long drawn-out sound which, like the river, meanders mostly down the scale until the brake is suddenly applied and the sound stops with a jerk. The accompaniment seems to be useful in supplying some sort of punctuation to what might otherwise be taken for a rather complicated sigh." There is a good deal about Japanese food, and a number of details about the dress and life of the Geisha. These are rather impressionistic, however, and do not furnish a complete or clear-cut exposition. The author states, "it is still commonly thought that Japan and China are identical." There is the usual apologetic for the misunderstood position of the Geisha.

Turning to the illustrations, there are three charming reproductions of prints by Veizan. Plate IV is wrongly described as by Hokkei. It is by Hoku-un a pupil of Hokusai who made prints from 1812 to 1818, and is one of the obscure artists whose name barely appears in the fullest lists like Fiche. Kunimaru is also second rank, and Hiroshige is not at his best in figures. It is to be regretted that the selection of prints is in large part from later and less distinguished artists.

None the less it is a book of real beauty and interest.

E. H. C.

Hutchins Suggests Reform in American Education

The Higher Learning in America, by Robert Maynard Hutchins, University of Chicago Press.

This book, by the President of the University of Chicago, is a volume consisting of four essays constructively criticizing the current educational system in America. The subjects of these essays are (1) External Conditions, (2) The Dilemmas of the Higher Learning, (3) General Education and (4) The Higher Learning. Generally recognized as one of the most brilliant and youthful men in American Education, President Hutchins is not content with merely mending or patching up what already exists in the educational system but advocates far-reaching reforms calculated to restore to modern universities their ancient integrity.

In the first chapter the confusion of aim that besets the higher learning in America is strikingly brought out. The chief cause of the existing confusion is shown to be the love of money and the sensitivity to public demands that it creates. This has led to the development of the service-station conception of a university. Closely tied up with this is the overcrowding of the universities in the freshman and sophomore years. This condition has led to the university becoming an overgrown college on the one hand, and to a certain amount of exploitation of the freshmen and sophomores, on the other. These lower classmen are placed in the hands of graduate students who are given teaching positions instead of fellowships. A second cause for the confusion is the notion that so many people have of democracy. Democracy may require that educational activities be provided the youth of the nation until the age of 20, but certainly democracy does not require that the higher learning should be open to anybody regardless of intellectual qualifications. To these two causes Mr. Hutchins adds the current erroneous notion of progress. In this connection he points out that the over emphasis on empiricism as the basis of research has tended to extinguish the idea that the university should be the center for the cultivation of the intellect for its own sake.

The second chapter deals with the following dilemmas that the universities are at present experiencing: The dilemma of professionalism, that of isolation and that of anti-intellectualism. Mr. Hutchins suggests that professional schools are taking on the character of vocational schools. He points out that the second dilemma grows out of the first inasmuch as the isolation of one school or department from every other in the university is in proportion to the extent to which professors are concerned with preparation for a specific trade. Similarly, these two dilemmas produce the third. Courses with intellectual content are being supplanted by technical courses and so-called practical work. The author's main contention is that a professional discipline, to be a professional discipline, must have intellectual content.

Mr. Hutchins in Chapter III slips somewhat into the language and thinking of John Locke and the formal disciplinarians. He announces his belief in the development of intellectual "virtues," defining intellectual virtues as habits resulting from the training of the intellectual "powers." Elsewhere in the chapter Mr. Hutchins stresses the need for the cultivation of independent thought and study. On this latter point no serious minded student of education can take issue. What he attributes to progressive education, their faults and foibles, etc. reveals on his part, however, a somewhat biased view. An interesting suggestion touches upon the matter of organization. Mr. Hutchins would organize the college so as to include the last two years of high school and the first two years of the university. This is to be the institution that will provide general education. Important subjects in the curriculum would be the classics, formal grammar, mathematics and logic, all intended to serve the purpose of training the mind. In outlining his scheme, certain very important aspects of the psychology of learning seem to have been overlooked.

In the concluding chapter the author brings out the need by the university for some principle of unity. In the universities of Greece this principle of unity was found in philosophy. In the medieval university it was theology. Mr. Hutchins submits that the fundamental problems of metaphysics, the social sciences and natural science are the proper subject matter of the higher learning in the modern university, and that vocationalism and unqualified empiricism are the elements which disorder our higher learning today. It is only by a radical shift of emphasis, a sort of reversion to the principles that were cherished in the past, that the dilemmas of the higher learning are to be resolved.

The book is definitely controversial. Undoubtedly this is what was intended. No one who is interested in the higher learning can fail to be greatly stimulated in his thinking by reading what Mr. Hutchins has to say.

J. H. P.

The Chinese Colony in New York

Chinatown Inside Out, by Leong Gor Yun. Barrows Mussey, New York. U.S.$3.

Chinatown Inside Out, by Leong Gor Yun, is bound to be one of the important books of the year to students of the problem of Chinese abroad, to those interested in Chinese who return to their native land after living in America, and to the millions of Americans who shiver every time they think of "Chinatown."

Mr. Leong tells of New York's Chinatown, with additional information about the Chinese in other American cities. He shows how the Chinese who have been living in America have a government within a government, maintaining a world of their own, never becoming Americanized, never learning English, never comprehending or taking advantage of opportunities open to them.

The workings of the Chinese Charitable and Benevolent Association, using American racketeer methods and ingenuity, are explained with copious examples, yet Chinese passivity allows the Association to continue prosperously. For instance, every Chinese in New York State and neighboring states is required to pay $3 dues a year. Every business has to fork out definite "registration" and "protection" fees, and the officers amass considerable wealth. On face, favor, and fate, says the author, the Association exists. Then there are family associations, super-family associations and territorial associations, all loosely-organized, seldom keeping membership records or collecting dues. The men in charge live by their shrewdness, because the ordinary Chinese lacks an interest in things outside personal affairs, nor does he wish to offend the gentlemen heading his organization.

All the organizations of Chinatown are explained, including the Tongs, which, we are told, are made up of a majority of peace-loving, law-abiding Chinese, with a few trouble-makers. Chinese of all classes join the Tongs, we read, mostly for economic protection, sometimes for revenge. Except for the higherups and the hatchet-men, most of the members are plain victims of exploitation. The formation of the Laundry Alliance, when Chinese hand laundries' existence was threatened by proposed legislation, is extremely enlightening.

Chinese students are not praised by Mr. Leong, who says they return to China soft and unfit for the job they should be able to do for China. As for the American Chinese, the majority never seek an education, and many never learn English.

The Chinese in America have been most instrumental in all the revolutionary movements in China, and have poured millions of dollars into China to assist in the various campaigns, especially between 1925 and 1927. The Kuomintang has lost its grip on the American Chinese, but the Cause has not. Money has been raised for the liberals and the militants, and the American Chinese

are still intensely anti-Japanese. Further, they have trained many fliers and sent them back to China for military service.

The history and importance of the Chinese press in America is given. The fact there are few chances for advancement for any Chinese is told in detail, together with explanations why the majority of them are laundrymen or restaurant workers. The daily lives of the men, their lack of social life, outside of gambling, frequenting dance hall, burlesque shows, brothels, the scarcity of women,—all are vividly pictured. Several pathetic stories of men returning to China to be milked of all their savings by families, friends, loose women and the like add to the interest of the book. A dismal picture is painted of the frugality, privations, bludgeonings forced on many of the Chinatown residents. And the description of the crowded tenement life is illuminating and astonishing, to say the least.

Mr. Leong holds out the hope that in the future Chinatown will have decent living conditions, and certainly good schools and social centers; the residents will become Americanized, but not Americans, despite the fact that spiritually and mentally the young Chinese are as far from their fathers as their fathers are from Americans.

To many Americans, the most interesting part of the book will be the two appendices, wherein is given a dissertation on Chinese cooking, names of Chinese dishes, and a list of recommended Chinese restaurants in important Chinese communities throughout the United States, based on the opinions of Chinese gourmets.

M. V.

A Story of the Siege of Madrid

No Pasaran! (They Shall Not Pass), by Upton Sinclair, published by the Author, Pasadena, California. U.S. 25 cents.

The voice of one who has cried out so persistently in the past for social justice and freedom for mankind is now raised for those who are suffering and likely to suffer because of the cataclysmic holocaust raging in Spain. Upton Sinclair is as partisan in No Pasaran! (They Shall Not Pass), a story of the siege of Madrid, as he was in "Oil" and "The Brass Check." He makes no effort to deceive the reader, but informs us on the paper cover that his book "is a cry for freedom, and decency in human affairs." He has published the book at his own expense, as he has done several times before, and is "appealing to anti-Nazi and pro-Spanish organizations, and to liberal groups which understand this 'final conflict' in which democracy is to conquer, or perish from the earth."

With his accustomed skill, Sinclair has written a most absorbing novel, to appeal to every thinking person with regard for humanity. There will be many whose wrath will boil at the expose of the American brown shirts; others whose ire will be aroused at the idea of British and Americans helping defend Madrid.

Called a story of the battle of Madrid, only three of the seventeen chapters are set in Spain, and tell of the siege. The one chapter of the battle is written in a moving way. In fact, by his simplicity and lack of sentimentality in his account of the struggle of the International Brigade to keep the uniformed forces of General Franco from taking Madrid, Upton Sinclair has given to the world one of the most vivid battle scenes ever written. It is magnificent because of its simplicity and naturalness.

The chief character is a young German-American, Rudy Messer, a relative of a prosperous family, a student at Columbia University, given to frequenting night clubs, prosecuting love affairs of the moment. Rebounding from discovering a little blond beauty is "two-timing" him, he happens upon a demonstration of people trying to prevent a ship being loaded to carry munitions to the Spanish rebels. He rescues a young Jew who had been beaten up by police, and gets drawn into meeting various Socialists, Communists, and Anarchists who are trying to stir up Americans about the trouble in Spain.

Rudy's uncle and cousins are on the side of capitalism, and one cousin is a leader of the New York "Brown House." He is taken to a meeting of the Friends of New Germany, with the result he is torn between two fires. On the one hand, he hears of the struggle of the government in Spain against the armed forces of Spain, Italy and Germany; and on the other, of the need for all Aryans to fight the Communists and Jews; such need being exemplified in the uniformed "army" of German-Americans being trained each Sunday on Long Island.

Against his will, Rudy is caught up in a whirlpool: he is exposed to the propaganda of the Nazis, the Fascists, the anti-Nazis, anti-Fascists, workers against capitalists and capitalists against workers. For some chapters the author has advocates of all these movements explain how and why the movement is needed to save civilization. Rudy is eventually so agitated by the class struggle, he decides to go to Spain, along with a Socialist Jew, an Anarchist and a Communist, to join the International Brigade. The Brigade holds the Fascists and Moors, so they did not take Madrid, for "Human decency hit Franco's line; the moral sentiment of mankind hit it; justice, science and humanity hit it, yelling defiance to tyrants."

M. V.

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Britain Arms for War She Hates; Nation Preparing by Land, Sea and Air; No Military Spirit Stirs People Into Action

BY HAROLD CALLENDER

in the New York Times

TARDILY and reluctantly, but with what has at last become a firm determination, this pacific nation (Britain) is rearming on a greater and more expensive scale than it has ever done before in order to be prepared to defend itself, its empire and its democratic neighbors.

To nearly every Briton it seems a depressing but necessary task. It seems depressing that so much of national energy and wealth should be diverted to unproductive activities in a time of relative prosperity. Yet it seems necessary because those Continental States that precipitated the most costly of armament races —which can only lower the standards of living in their own and other countries—show no signs of abandoning a policy of threats in favor of peaceful methods.

Program Brings Relief

To the small countries of Europe that have lived in terror of their militaristic neighbors British rearmament, while not precisely a happy augury, seems reassuring, and they greet it with sighs of relief. They believe that unless Britain rearmed Europe soon would be at the mercy of the dictators. In a strong Britain they see a hope—perhaps the only hope—of European salvation.

For in Britain there is intense rearmament without militarism. The line between the two, it is true, is not easy to draw; and even in a democratic country the transition to a war footing involves expanding military authority and diminishing individual freedom. But that has not come in Britain and is not likely to come in peacetime. Thus British rearmament contrasts strikingly with that to be seen in the totalitarian States which have been virtually on a war footing for several years.

Here there is no bellicose spirit, no talk of the "beauty cannons" by statesmen addressing throngs from gun carriages, no boasting of the millions of bayonets which back British policy, no allusions by grayhaired officers to the glory of dying in battle and the disgrace of dying in bed, no hand-grenade training for children, no parades or goose-stepping or crash of military bands in the streets to excite the public into warlike ecstasy.

Most Britons rarely see marching soldiers, but only isolated individuals in khaki who are home on leave—shy youths who ask the way in London subways. Tall and brightly dressed guards may be seen doing paces in front of Buckingham Palace or marching in small squads to the Bank of England, and they are almost all that Britons normally see of the armed forces of the realm.

The navy is still less visible to the British population. On special occasions great gray warships anchor in the mouth of the Thames and hold public receptions, and those living at Portsmouth or other naval stations may see them in the harbor. But to the bulk of the British people they are an unseen power shrouded by the mists of the Channel and the North Sea.

Armament Not Spectacular

Britain's rearmament is not spectacular. It is a grim business which goes forward quietly and with as little fuss and noise as possible. Nobody pretends that it is anything to rejoice over. It expresses no love of militarism or lust for conquest, but a determination, which now may be called national, to prove if necessary that Britain, while not excelling in bellicosity, does excel in the technical skill, the material resources and the economic power to build ships and airplanes and guns. If it is to be a contest in building equipment for war, Britain can forge ahead.

To do so her people must be made not militaristic but war conscious. They must be taught the need for protection and the social discipline necessary to carry it out. Their profound hatred of war must not prevent the mobilization of the nation for the rearmament which it is hoped may forestall or at least defer war.

This preparation of the country for an emergency is not easy in Britain, whose battles have mostly been fought on the seas or in remote territories; whose people look with repulsion upon the regimentation which some Continental nations seem to like; whose spirit and tradition resist all that savors of militarism. Yet the effort must be made now to pave the way for that collaboration which would be necessary in case of a war in which Britain would be attacked from the air.

The government has distributed pamphlets describing in detail how rooms may be made gas-proof; experiments have been made, for the enlightenment of builders, to determine how thick concrete must be to resist bombs; gas masks are being manufactured at the rate of 100,000 a day, for free distribution. A census of all the motor cars and trucks in the kingdom is being taken. Schools have been established in which policemen, firemen and ambulance crews are taught to give first aid to victims of gas or bomb. Some 200,000 men are to be trained for special fire-fighting service in view of the possibility of incendiary explosives dropping from the air.

Home Protection

Britain is now earnestly considering all the aspects of the huge task of protecting and feeding 45,000,000 people in case hostile aircraft attacked her ships, her docks, her railways, her great centers of industry and population.

But this is being done chiefly by civilians who are filled with distaste of war and militarism. It is significant that in a large show window of a great armament firm in London passenger ships and airplanes and samples of fine steel work are displayed in front; while the mines, guns and bomb models are discreetly placed in the rear, where they are invisible from the street.

The most warlike exhibit to be seen in London is that of the Territorials in the entrance to the subway station at Charing Cross. To show the importance of the searchlight and anti-aircraft battalions a colored model of London has been made. Flashing electric lights represent the bursting of aerial bombs and miniature searchlights pierce the sky as if hunting out invading airplanes. It is a realistic spectacle which recalls air raids in the last war and suggests worse ones that might come. Models of armored cars and tanks and scenes of marching soldiers indicate the life of the army. But even here the emphasis is placed upon the workshops where the recruit may learn a trade useful in peace.

At the Vickers-Armstrong shipyard at Newcastle-on-Tyne a battleship, an aircraft carrier and two 9,000-ton cruisers are under construction. The rattle of riveting machines and the hiss of welders resounds over the water. Great steel cranes high above pass to and fro lifting armor plates into place. Forests of timbers rise into the air to support the scaffolds for men constructing the hulls, which will enclose the machinery being built at Barrow-in-Furness, on the Lancashire coast. Meanwhile, in the steel works in the Midlands, metal is cast, plates rolled and guns turned in machine shops covering many acres and handling castings weighing hundreds of tons which will eventually form parts of His Majesty's ships of war.

Plane Manufacture

At the Bristol Aeroplane Company's works near Bristol, in new and admirably lighted buildings rapidly multiplied in recent months, several thousand employes are busy making airplanes for the Royal Air Force. In one building amazingly light aluminium alloys are stamped and cut into frames and spars which sometimes remind one of the bridges and tracks of a toy railway.

In the engine shop it is again aluminum in various alloys which one encounters on all sides in the form of cylinder heads, forgings, castings and scores of delicate parts finely cut and fitted. It is a white, silverlike substance resembling that used in kitchen utensils.

Finally, in the assembly shop, the completed airplane motor, weighing 1,000 pounds and developing 800 horsepower, appears. It is a bewildering mass of thousands of parts; a circle of cylinders bristling with pipes, wires and bearings; like a watch, it is a masterpiece of high precision workmanship, a product of tested materials, of elaborate machines, of skilled craftsmen.

The Royal Air Force has increased from 30,000 men to 55,000 men since 1934. The Air Ministry's staff, now occupying thirteen buildings, has more than doubled in the last eighteen months, and its civil industrial employes at home and abroad have been increased to about 20,000. The first-line airplanes now number about 1,100. The total of reserve planes is secret, but it runs into thousands.

Arming Not Wanted

All this rearmament is undertaken without enthusiasm, but with no less determination on that account. Economists dislike the unproductive expenditure of billions which it involves; it would be vastly preferable to devote this intelligence, energy and wealth to the manufacture of goods for export, which would bring in imports to raise the standard of life of the nation. Others, too, are appalled by the spectacle of great nations concentrating upon instruments for mutual destruction.

So the British in general accept rearmament as a necessary evil. Their taxes will rise. Their prosperity will suffer. It will be difficult to switch back again to "business as usual," whenever that may prove possible. Meanwhile this great nation, which nobody suspects of aggressive designs, intends to be strong enough to defend itself, whatever the cost.

It can bear that cost far better than any other European or Asiatic nation. It can arm without arousing the fears of any but potential aggressors. It can outbuild, in both quality and quantity, even the most militaristic of States. It can rearm without abandoning itself to militarism—and few nations can do that.

National Government to Move Offices to Kuling During Summer Season

In an order to the various Ministries, the Executive Yuan May 15 instructed the transfer of the offices from Nanking to Kuling in the summer season. It is reported that Lin Sen, chairman of the National Government, will proceed to Kuling next month and carry on his work from there.

Just off the Press

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BY

EDWARD BING-SHUEY LEE

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Stock Exchange—Business Done:-

Total Volume: 1,200,000 Shares

1936—37 High	1936—37 Low	Div. $ per sh.	STOCK	Last Sale May 17	Last Sale May 18
22⅜	9⅝	0.55	Adams Express	16½	16⅞
83½	35⅜	1.50	Allis Chalmers	58¾	60
137½	97	4.00	American Can	97	97
40⅜	27	0.00	Amer. Cyanamid "B"	29¾	30½
12⅜	6½	—	American & For. Power	7½	7⅝
68⅞	29⅜	—	American & Foreign Pwr. $7. pfd.	47¼	45¼
29½	18¾	0.60	American Radiator	21	21⅛
190⅛	149½	9.00	Americacn Tel. & Tel.	163	163
104	75	5.00	American Tobacco "B"	75	75½
29½	17⅛	0.60	American Waterworks	17½	17¾
69½	28	1.00	Anaconda Copper	48¼	50
93⅜	59	2.00	Atchison, T. & S. Fe	85¾	89
54¼	23¾	—	Auburn	24	24
40½	15⅞	—	Baltimore & Ohio	30⅞	31⅝
105⅛	45⅜	1.50	Bethlehem Steel	77½	79¾
49⅜	16⅞	—	Boeing Airplane Co.	32	33½
17⅜	10⅝	—	Canadian Pacific Railway	12⅞	13
186	92½	4.00	Case, J. I.	155	155
100	59	3.00	Chesapeake Corp.	80	78½
77¾	51	2.80	Chesapeake & Ohio	55⅝	56
138¾	85½	12.00	Chrysler	107⅛	111⅛
23⅜	11⅞	0.40	Columbia Gas Electric	11⅞	11¾
24⅝	14¼	0.60	Coml. Sovents	14½	14⅝
5½	2¼	—	Commonwealth & Southern, ord.	2½	2⅜
49⅝	27¼	2.00	Consolinated Edison	34⅝	34⅝
17¾	11½	0.80	Consolidated Oil	14¾	14¾
47⅛	28⅛	1.00	Continental Oil	40½	40⅝
82½	55	3.00	Corn Products	56	56½
82¼	48	—	Douglas Aircraft	48	50½
184¾	133	6.10	Du Pont de Nemours	153	154
28¼	15¾	—	Electric Bond & Share	15⅝	16⅜
64⅞	34½	1.00	General Electric	50	51⅝
44¼	33⅜	2.00	General Foods	39½	39½
77	53⅜	4.50	General Motors	51⅝	56¼
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87	57	1.00	Humble Oil	76⅝	76
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19¼	9⅞	—	International Tel. & Tel.	10	10⅛
69⅜	28¼	1.70	Kennecott	53¼	53⅝
84⅜	43	2.00	Loew's Inc.	74¾	76⅛
28⅝	21¼	1.20	Lorillard	22	21¾
103	79	1.70	Monsanto Chemical	87	88½
69	35¾	2.00	Montgomery Ward	49¾	51½
37⅜	25⅛	2.19	Nat. Bond Investment	27	26
28¼	21	1.20	National Dairy Prods.	22	21¾
35	25⅝	2.00	National Distillers	29½	30
14⅜	9	0.60	National Power & Lt.	9	9
55¼	27¾	—	New York Central	43¾	43⅞
36⅝	23⅜	1.00	North American	23	23⅜
41	28¾	2.00	Pacific Gas & Electric	29¼	29
58¾	43½	3.00	Pacific Lighting	43½	42½
13⅜	6⅜	0.45	Packard Motors	9⅛	9⅛
50¼	28⅛	2.00	Pennsylvania Railroad	42	43
58⅝	38⅛	2.50	Phillips Petroleum	52¾	54¼
52¾	39	2.60	Public Serv. of N. J.	39½	38¾
14¼	8¾	—	Radio Corporation of Amer.	8¾	8⅞
60½	49	3.00	Reynolds Tobacco "B"	49	50¼
55⅞	37⅝	3.00	Schenley	41⅞	41¼
101½	59⅝	3.00	Sears Roebuck	82	82⅝
20⅛	12⅞	0.70	Socony-Vacuum	17⅞	18¼
35½	22⅝	1.50	Southern California Edison	23⅜	24
65⅜	23½	—	Southern Pacific	55	55¾
18⅛	12⅞	0.80	Standard Brands	12⅝	12¾
14⅜	5⅛	—	Standard Gas & Electric	7½	6
76	51½	1.00	Standard Oil Co. of N. J.	63⅞	64
78½	63½	3.80	Sterling Products	64	64
44⅝	33	2.00	Texas Gulf Sulphur	36⅜	36⅛
18⅛	11	0.40	Transamerica	13⅝	13⅝
111	71⅝	2.80	Union Caride & Carbon	99	99½
149¾	108½	6.00	Union Pacific	14 ¼	144
35⅛	20⅝	0.50	United Aircraft (New)	24	24
24⅜	13	0.20	United Airline Trans.	16	16½
13⅝	4	—	United Corporation	4⅜	4⅞
19½	12⅞	1.00	United Gas Improvement	12⅞	13
59	31⅜	—	U. S. Indus. Alcohol	33	35
71⅞	16⅝	—	U. S. Rubber	53⅝	57
126¼	46⅜	—	U. S. Steel	92⅞	96⅝
39⅝	16¼	—	Vanadium	27	27¾
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